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United Nations Entity for Gender Equality and the Empowerment of Women

Financial report and audited financial statements

for the year ended 31 December 2015

and

Report of the Board of Auditors

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Letters of transmittal

Letter dated 30 April 2016 from the Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women addressed to the Chair of the Board of Auditors

Pursuant to financial rule 1202 of the United Nations Entity for Gender Equality and the Empowerment of Women, enclosed are the financial statements for the year ended 31 December 2015. These statements have been prepared and signed by the Director of Management and Administration.

(*Signed*) Phumzile **Mlambo-Ngcuka**
Executive Director

Letter dated 30 June 2016 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the United Nations Entity for Gender Equality and the Empowerment of Women for the year ended 31 December 2015.

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the United Republic of Tanzania
Chair of the Board of Auditors
(Lead Auditor)

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Report on the financial statements

We have audited the accompanying financial statements of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), which comprise the statement of financial position (statement I) as at 31 December 2015, the statement of financial performance (statement II), the statement of changes in net assets/equity (statement III), the statement of cash flow (statement IV), the statement of comparison of budget and actual amounts (statement V), for the year then ended, and the notes to the financial statements.

Management's responsibility for the financial statements

The Executive Director of UN-Women is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and for such internal controls as management deems necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence in respect of the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of UN-Women as at 31 December 2015 and its financial performance and cash flows for the year then ended, in accordance with IPSAS.

Report on other legal and regulatory requirements

Further to our opinion, the transactions of UN-Women that have come to our notice or that we have tested as part of our audit have in all significant respects been in accordance with the financial regulations and rules of UN-Women and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of UN-Women.

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the United Republic of Tanzania
Chair of the Board of Auditors
(Lead Auditor)

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor General of India

30 June 2016

Chapter II
Long-form report of the Board of Auditors

Summary

By its resolution 64/289, the General Assembly established the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). UN-Women was assigned to lead, coordinate and promote the accountability of the United Nations system on gender equality and the empowerment of women. UN-Women provides guidance and technical support to all Member States, at their request, on gender equality, the empowerment and rights of women and gender mainstreaming. It is mandated to work in consultation with national machineries for women and civil society organizations, and to operate as part of the Resident Coordinator system within the United Nations country team by leading and coordinating the team's work on gender equality and the empowerment of women under the leadership of the Resident Coordinator. The Board of Auditors noted that UN-Women spent $314.97 million against total revenue of $318.99 million for the year ended 31 December 2015.

The Board of Auditors has audited the financial statements and reviewed the operations of UN-Women for the year ended 31 December 2015, in accordance with General Assembly resolution 74 (I) and in conformity with the International Standards on Auditing. The audit was carried out through field visits to the regional office for Europe and Central Asia in Istanbul, Turkey, and country offices based in Abuja, Islamabad, Juba, Kinshasa and Maputo, as well as at headquarters in New York.

Scope of the report

The report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The report has been discussed with the management of UN-Women, whose views have been appropriately reflected.

The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the financial position of UN-Women as at 31 December 2015 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of the financial systems and internal controls and a test examination of the accounting records and other supporting evidence, to the extent that the Board considered necessary to form an opinion on the financial statements.

The Board also reviewed the operations of UN-Women under financial regulation 7.5 of the United Nations, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations. The Board examined the budget and funding situation, results-based management, accounts and financial management, programme, project and trust fund management, and information and communications technology. The report also includes a brief commentary on the status of implementation of the recommendations of the previous year.

Audit opinion

The Board issued an unqualified audit opinion on the financial statements of UN-Women for the year ended 31 December 2015. The Board's opinion is reflected in chapter I of the present report.

Overall conclusions

The Board noted no particular concerns in financial reporting which materially affected its audit opinion on the financial statements. However, the Board continued to note areas with scope for improvement, specifically on financial management, programme and project management, assets management, human resources and payroll management and information and communications technology (ICT).

Key findings

The Board has identified a number of issues that require consideration by management to enhance the effectiveness of the operations of UN-Women. In particular, the Board highlights the following key findings.

Delayed financial closure of projects in Atlas

Despite the recommendation in an earlier report (A/69/5/Add.12, para. 61), the Board continued to note delayed financial closure for over 12 months after the operational closure of projects. In 2015, the Board found that 281 out of 431 projects, which were operationally closed as at 31 December 2015, were delayed for financial closure for periods ranging from 12 to 48 months. The Board was informed that 211 out of the 281 projects that were not financially closed were subject to donor reporting requirements and that the delay in financial closure was due to the lack of staff capacity and automation, but that the deficiencies would be addressed in 2016. Delay in the financial closure of projects might delay reporting to donors and increase the risk of charging unrelated expenditures to closed projects.

Long-outstanding advances to partners

In earlier reports, the Board recommended that advances be liquidated not later than six months from the date of issue to implementing partners and one year for grant project advances, as required by the programme and operations manual (see A/69/5/Add.12, para. 51, and A/70/5/Add.12, para. 38). The Board acknowledges the reduction in long-outstanding advances from $18.4 million in 2014 to $5.2 million in 2015. However, it still considers that UN-Women needs to liquidate the outstanding advances of $5.2 million, of which $4.8 million relates to implementing partners and $0.4 million to United Nations agencies, with ages ranging from 7 to 36 months. UN-Women attributed the long-outstanding project advances to factors such as inadequate staff knowledge of policies and a lack of clear accountability for responsible persons. The Board considers that the continuing deficiency highlights the need for UN-Women to improve its capacity assessment processes for implementing partners and strengthen staff knowledge in country offices.

Lack of awareness training on information security

Between 2014 and 2016, UN-Women did not conduct awareness training on information security to ensure clear responsibility and accountability, both within and across organizational units, in line with its information security policy. UN-Women explained that it had requested the International Computing Centre to assist it in creating an awareness training course on information security. The Board is concerned that as a result of the lack of such training, UN-Women could face increased risks of insecure use of ICT systems, cyberattacks and the unavailability or compromised confidentiality or integrity of its information.

Recommendations

The Board has made several recommendations based on its audit, which are contained in the body of the report. The main recommendations are that UN-Women:

(a) **(i) Financially close all operationally closed projects within 12 months of the month in which they are operationally completed or terminated; and (ii) ensure that appropriate staff resources are available and an automation tool is developed so as to expedite the financial closure of projects;**

(b) **(i) Enhance clarity on the due diligence process for writing off unrecoverable advances; (ii) ensure project managers prioritize long-outstanding advances as a financial risk area; and (iii) enhance training for staff and implementing partners on understanding the terms and conditions of signed project cooperation agreements, the use of funding authorization and certificate of expenditure forms and policies on cash advances and other transfers to partners;**

(c) **(i) Develop the awareness training programme on information security based on a needs assessment; and (ii) conduct mandatory awareness training on information security for all staff to ensure that they understand the various information security risks.**

Key facts	
3,347	Number of projects
6	Regional offices
6	Multi-country offices
47	Country offices
30	Programme presence countries
853 staff	Employed by UN-Women
1,194 non-staff	Non-staff personnel working for UN-Women
$318.99 million	Total revenue
$314.97 million	Total expenses
$4.01 million	Surplus for the year
$25.9 million	Reserves at 31 December 2015
$306.98 million	Voluntary contributions for 2015
$59.65 million	After-service health insurance, repatriation benefits and death benefits liability as at December 2015

A. Mandate, scope and methodology

1. The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) for the year ended 31 December 2015, in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations (ST/SGB/2003/7 and Amend.1) and the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly, in all material respects, the financial position of UN-Women as at 31 December 2015 and the results of its operations and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). That included an assessment as to whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies of UN-Women and whether revenue and expenses had been properly classified and recorded in accordance with the financial regulations and rules of UN-Women. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

3. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of operations of UN-Women under financial regulation 7.5 of the United Nations and financial rule 1202 of UN-Women. The General Assembly also requires the Board to follow up on previous recommendations and to report accordingly. The Board liaises with the internal audit unit in the planning of its audits in order to avoid duplication of effort and to determine the extent of reliance that can be placed on the latter's work.

4. The present report covers matters that the Board considers should be drawn to the attention of the General Assembly. The report was discussed with UN-Women and the views of management have been appropriately reflected.

B. Findings and recommendations

1. Previous recommendations

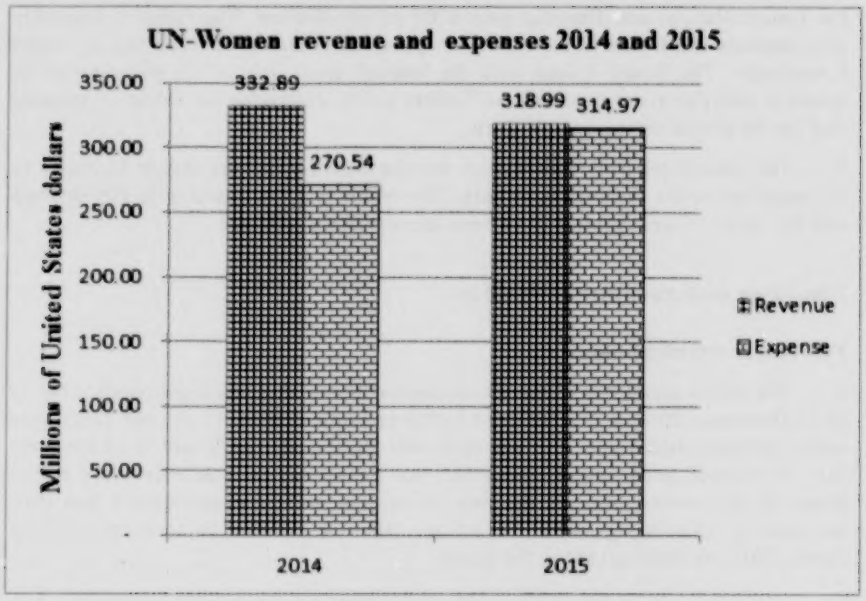
5. The Board noted that of the 19 recommendations that remained outstanding as at 31 December 2014, 6 (32 per cent) had been implemented, 12 (63 per cent) were under implementation and 1 (5 per cent) was reiterated. The Board is of the view that UN-Women needs to put more effort into addressing the concerns raised by the Board in its reports, because the rate of implementation is considered less than satisfactory. Details regarding the actions taken in relation to recommendations during 2015 are summarized in the annex.

2. Financial overview

6. For the year 2015, UN-Women had total revenues of $318.99 million (2014: $332.89 million) and total expenses of $314.97 million (2014: $270.54 million), resulting in a surplus of $4.02 million in 2015. As at 31 December 2015, UN-Women had total assets of $449.18 million and total liabilities of $90.67 million. Of its total assets, $230.81 million, equivalent to 51.38 per cent, represented balances in cash, cash-equivalents and short-term investments.

7. Current assets amounted to $287.10 million against current liabilities of $32.52 million, resulting in net current assets of $254.58 million. The significant excess of current assets over current liabilities demonstrates good short-term financial strength. A comparison of revenue and expenses for the financial years 2014 and 2015 is illustrated in figure II.I.

Figure II.I
Financial performance pattern

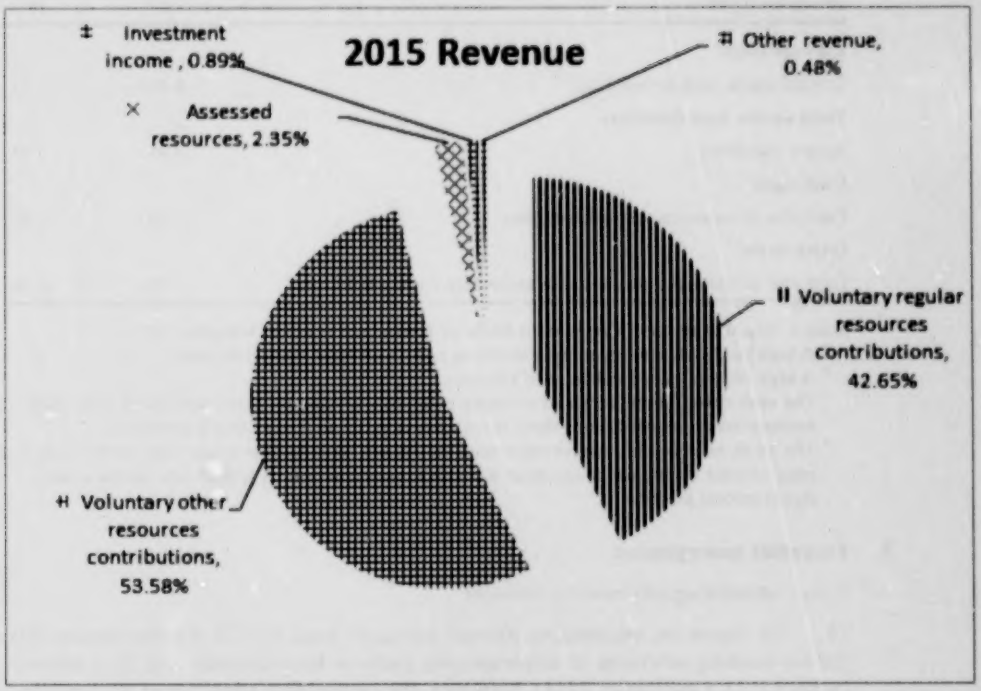


Source: Board analysis of UN-Women financial statements for 2015.

Sources of revenue

8. Of the reported revenue of $318.99 million (2014: $332.89 million), voluntary contributions amounted to $306.98 million (2014: $322.82 million), equivalent to 96.23 per cent of total revenue. UN-Women has recorded a 4.91 per cent decrease in voluntary contributions compared with the previous year. Figure II.II illustrates the sources of revenue for 2015.

Figure II.II
Sources of revenue: financial year 2015
(Millions of United States dollars)


2015 Revenue
‡ Investment income, 0.89%
# Other revenue, 0.48%
× Assessed resources, 2.35%
II Voluntary regular resources contributions, 42.65%
H Voluntary other resources contributions, 53.58%

Source: Board analysis of UN-Women financial statements for 2015.

Ratio analysis

9. The analysis in table II.1 reflects the fact that UN-Women has a good liquidity position and can meet its short-term obligations with its most liquid assets. In 2015, the Board noted a decline in the current ratio owing to a significant increase in current liabilities of 70 per cent against a smaller increase in current assets of 20 per cent. The significant increase in current liabilities is the result of a huge amount of payables to third-party suppliers and the United Nations Development Programme (UNDP) and larger accruals for annual leave and other employee benefits at the year end. The entity's cash and investments of $230.81 million (2014: $188.05 million) continued to provide a high level of liquidity.

Table II.1
Ratio analysis

Description of ratio	*31 December 2015*	*31 December 2014*
Current ratio[a]		
Current assets: current liabilities	8.83	12.55
Total assets: total liabilities[b]		
Assets: liabilities	4.95	5.23
Cash ratio[c]		
Cash plus investments: current liabilities	7.10	9.87
Quick ratio[d]		
Cash plus investments plus accounts receivable current liabilities	7.50	10.30

Source: Board analysis of UN-Women financial statements as at 31 December 2015.

[a] A high ratio indicates an entity's ability to pay off its short-term liabilities.

[b] A high ratio is a good indicator of solvency.

[c] The cash ratio is an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents or invested funds there are in current assets to cover current liabilities.

[d] The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

3. Financial management

Long-outstanding advances to partners

10. The report on outstanding partner advances done by UN-Women shows that the outstanding advances to implementing partners have decreased to $5.2 million in 2015 ($18.4 million in 2014). However, the outstanding advances of $5.2 million had been outstanding for periods ranging from 7 to 36 months.[1]

11. UN-Women attributed the long-outstanding partner advances to inadequate staff knowledge of the policy on the use of cash advances and other cash transfers to partners; the limited knowledge implementing partners have of the use of funding authorization and certificate of expenditure forms and the terms and conditions of signed project cooperation agreements; inadequate efforts by project managers to prioritize long-outstanding advances as a financial risk area; the lack of a clear due diligence process for writing off unrecoverable advances; and the absence of clear accountability for country representatives and regional Directors.

12. The Board acknowledges the corrective actions taken by UN-Women, such as staff webinar (virtual) training and the amendment of the policy on cash advances and transfers to partners to include due diligence on the liquidation of unrecoverable advances. However, until such measures become effective, so as to expedite liquidation of the long-outstanding advances to partners, the Board remains concerned that UN-Women still faces the risk that unliquidated balances may be used inappropriately.

[1] $4.8 million relates to implementing partners and $0.4 million to United Nations agencies.

13. **The Board recommends that UN-Women: (a) enhance clarity on the due diligence process for writing off unrecoverable advances; (b) ensure that project managers prioritize long-outstanding advances as a financial risk area; and (c) enhance training for staff and implementing partners on understanding the terms and conditions of signed project cooperation agreements, the use of funding authorization and certificate of expenditure forms and the policy on cash advances and other transfers to partners.**

4. Accountability

Low implementation rate of field-based evaluation plans

14. The UN-Women evaluation policy requires the Independent Evaluation Office to conduct corporate evaluations (headquarters) and decentralized evaluations (field offices) that are responsive to gender equality and women's rights, so as to enhance accountability, inform decision-making and contribute to learning on the best ways to achieve women's empowerment and gender equality through normative, operational and coordination work.

15. Nevertheless, the Board noted that the evaluation function has been underperforming: only 43 per cent of the 66 evaluations planned in 2015 were completed, 33 per cent were initiated while 24 per cent were not implemented (1 per cent not initiated and 23 per cent cancelled and/or postponed). In addition, the report of the Independent Evaluation Office for 2015 (published in 2016) showed that 29 per cent of country offices had failed to conduct at least one evaluation during the period between 2011 and 2015. In 2015 alone, 17 UN-Women country offices conducted no evaluations.[2]

16. UN-Women stated that evaluations had been cancelled or postponed and in a few cases delayed, primarily owing to difficulties in sourcing qualified national consultants, insufficient funding, ambitious planning and crisis situations.

17. While acknowledging that the evaluation function has achieved 43 per cent of its planned targets for 2015, the Board considers that UN-Women needs to address challenges, such as the capacity of country offices to manage evaluations, the frequent changes of monitoring and evaluation focal points and the postponements and cancellations highlighted in the report of the Independent Office for Evaluation for 2015, as causing inadequate fulfilment of evaluation plans. The Board is of the view that inadequate completion of planned field-based evaluations inhibits UN-Women from effectively assessing the performance of its field operations and from understanding the factors and modalities that facilitate or hinder the achievement of results.

18. **The Board recommends that UN-Women ensure that (a) field-based evaluation plans are prepared in a realistic manner so that cancellations or postponements in crisis situations are minimized or avoided; (b) it finds a way to address the challenge of sourcing qualified national consultants so that an adequate number of planned field-based evaluations are carried out; and (c) the approved evaluation plans of country offices are fully implemented.**

[2] Six offices in Asia and the Pacific, two in the Arab states, one in Europe and Central Asia, three in East and Southern Africa, three in the Americas and the Caribbean and two in West and Central Africa.

5. Assets management

Deficiencies noted on the asset register

19. The Board review of the asset register revealed that 60 assets (equivalent to 9 per cent of all assets requiring their serial numbers to be recorded) with a cost of $305,897.97 and a net book value of $277,037.79 were recorded without serial numbers. The Board also noted that 6 assets with a cost of $10,139.71 and a net book value of $4,493.83 had duplicate serial numbers, although Atlas module software controls are supposed to prevent duplicate serial numbers being entered.[3]

20. UN-Women explained that it had significantly reduced the number of assets without serial numbers by centrally reviewing the asset register on a monthly basis at headquarters and following up with all country offices by e-mail to update serial numbers in the Atlas asset register, and also that it was continuing to work with the country offices to ensure that all assets were updated accordingly.

21. The Board acknowledges that headquarters has strengthened asset management controls and provided various training sessions on the management of assets. However, it considers that the deficiencies in the asset register indicate the need for further action to minimize the risk of misstatement of assets disclosed in the financial statements.

22. **The Board recommends that UN-Women strengthen asset management controls in the field by: (a) continuing training on the management of assets to address the deficiencies identified; (b) provide central oversight reviews on a monthly basis of asset management reports to ensure that serial numbers are correctly entered; and (c) investigate why Atlas module software controls could not prevent the occurrence of duplicate serial numbers within the same business unit.**

Incorrect application of the leasehold improvement policy

23. UN-Women has removed from its programme and operations manual a section which required leasehold improvement to be depreciated over a 10-year period and introduced a policy that requires a leasehold improvement to be calculated based on the lesser of the lease term or the remainder of its useful life. After that amendment was made, UN-Women depreciated all 49 leasehold improvements in force in 2015, using a default useful life of five years without considering their respective lease terms or the actual remaining useful lives, as required under the current accounting policy for leasehold improvements. The misapplication of the policy resulted in an overstatement of $14,052.27 (18 leasehold improvements) and an understatement of $69,963.26 (31 leasehold improvements) for the related accumulated depreciation as at 31 December 2015.

24. UN-Women explained that leases were mostly drawn up with a first-right option to be extended where applicable, and that therefore a default life of five years had been set as the useful life for all leasehold improvements in the asset module because it ensured that any improvements incurred in the first year of a lease agreement (signed for one year) were capitalized and not expensed. In addition, the five-year default useful life of a lease agreement was only adjusted where

[3] UN-Women later updated the asset register by correcting the duplicate serial numbers.

UN-Women was sure of renewing the agreement beyond five years or where the lease term is confirmed to be less than five years.

25. While acknowledging the response of the management, the Board is of the view that the five-year default useful life should have been supported by a documented accounting policy, or a provision in the chapter of the manual on the management of assets.

26. **UN-Women agreed with the recommendation of the Board that it revisit and review the current programme and operations manual to reflect the changes in the practical application of the useful life policy for leasehold improvements.**

6. Programmes and projects

Lack of mandatory documents for selection of implementing partners

27. Annex B to the programme formulation chapter in the programme and operations manual sets out the assessment criteria for selecting implementing partners, where the basis for selection is the ability of implementing partners to deliver results, as well as their administrative and financial management capacity. According to the manual, the evidence required for assessments is as follows: (a) documented successful past performance as UN-Women implementing partners or responsible parties; and (b) recent programme reports, evaluations or audit reports conducted by external organizations.

28. During its visit to the country office in Nigeria, the Board noted that five implementing partners had been engaged to undertake various project activities for the years 2015 and 2016 for a total budget of $4.9 million. However, contrary to the requirement in the programme formulation chapter of the manual, the country office had not maintained the mandatory documents reviewed during the capacity assessments of implementing partners, such as written organizational financial and administrative rules and regulations, procurement and subcontracting rules and external audit reports, which would have provided evidence that capacity assessments of implementing partners had indeed been carried out.

29. UN-Women explained that it would strengthen compliance with the policy requirements since the existing manual mandated an assessment of technical and financial capacity for engaging non-governmental (NGO) partners and it had a requirement to document the selection process and assessment of partners' capacities. In addition, UN-Women stated that it had undertaken a substantive revision of the manual to further strengthen and streamline the capacity assessments of partners, including Governments.[4]

30. While acknowledging the management initiative, the Board considers that the lack of mandatory documents for the selection of implementing partners exposes the entity to the risk of engaging partners with an inadequate capacity to undertake projects and may ultimately adversely affect programme performance.

31. **UN-Women agreed with the recommendation of the Board that it improve the capacity assessment procedures for engaging implementing partners by obtaining, reviewing and retaining the relevant documents (in accordance with**

[4] It is expected that the revised manual will be issued in the second quarter of 2016.

the assessment criteria) so as to avoid the possibility of engaging implementing partners with inadequate capacity.

Lack of project documents

32. In section II of the programme formulation chapter of the programme and operations manual the importance of project documents and annual workplans at the time of project formulation is emphasized, because a lack of them might affect the achievement of strategic outcomes. Further, in annex D of the manual it is explained that project documents guide implementation, set out the accountability of implementing partners and are necessary for project formulation.

33. However, from a review of four projects at the South Sudan country office, the Board found that the office had not prepared project documents to guide the actual implementation and set out the accountability of implementing partners. Instead, the country office uses documents, such as project cooperation agreements, letters of agreement, strategic notes and annual workplans, which do not provide it with the necessary support and information, such as a situation analysis or justification for the project, which is needed for project implementation.

34. UN-Women explained that the manual was unclear and instructions for project documents were spread between annex D, chapter 1 and chapter 3, making it difficult to follow. Also the text on strategic notes in the three areas mentioned did not clearly communicate the requirement of having a project document. Management also stated that an upcoming revision of the manual and the related business process review would ensure that the inconsistencies and ambiguities prevailing in the manual were addressed and clarified.

35. While acknowledging the efforts of UN-Women, the Board is of the view that the lack of project documents increases the risk that project activities will not be cohesively planned or performed and therefore the approved and strategic outcomes will not be achieved.

36. **The Board recommends that UN-Women expedite the revision of the programme and operations manual and the related business process review, so that the inconsistencies and ambiguous language in annex D of the manual (programme and project formulation) are addressed and cleared up in a timely manner.**

Use of funds contrary to project cooperation agreement

37. Paragraph 2 of article 7 of the project cooperation agreement between UN-Women and its implementing partners requires NGOs to utilize the funds, supplies and equipment provided by UN-Women strictly in accordance with the project document.

38. The Board noted that one implementing partner at the Mozambique country office had misapplied project funds amounting to $10,139.36 to activities such as servicing a loan, an advance to a foreign embassy and advances to a project which was not related to UN-Women activities.

39. UN-Women explained that the country offices work closely with implementing partners to ensure that funds are utilized exclusively for its projects and that the offices monitor the amounts advanced on a quarterly basis, including ensuring that

cash advanced to partners is used in line with agreements and approved workplans as part of the review of the reporting and other assurance activities.

40. While the funds were ultimately recovered from the implementing partner, the Board considers that the misapplication of those project funds signifies weak internal controls over the use of such funds and that those weaknesses could allow implementing partners to defraud the organization.

41. **The Board recommends that UN-Women ensure that country offices strengthen their internal controls over all funds advanced to implementing partners to ensure that the funds are utilized exclusively for UN-Women projects.**

Financial closure of delayed projects in Atlas

42. In a prior report, (A/69/5/Add.12, para. 61) the Board raised concerns over delays in the financial closure of projects, which were operationally closed, owing to delays in donor reporting and outstanding financial reporting. The Board has continued to note similar deficiencies, with 281 projects out of 431 operationally closed projects not financially closed within the required 12-month period, in line with the requirements of rule 1703 of the financial regulations and rules of UN-Women.[5] That resulted in delays in reporting to donors, transferring project assets to recipients and refunding or reprogramming of surplus funds.

43. UN-Women explained that it had initiated various measures to address the issue, such as an instruction for a month-end requirement for all its business units to review the status of project closures in Atlas, extensive training for field offices by headquarters and the introduction of a new dashboard tool that reports live, ageing and detailed data for all users. Further, it also stated that the recent 2016 business process review had found that the staff resources provided for the closure of financial projects needed to be increased, along with the development of an automation tool to ease the process.

44. While the Board acknowledges the efforts of UN-Women and found no evidence of unrelated expenditure being charged to operationally closed projects, the Board considers that such a risk exists for projects which have been delayed to be financially closed.

45. **The Board recommends that UN-Women: (a) financially close all operationally closed projects within 12 months of the month in which they are operationally completed or terminated; and (b) ensure that the appropriate staff resources are available and an automation tool is developed so as to expedite the financial closure of projects.**

Inaccurate reflection of the status of projects in Atlas

46. Atlas reflects the status of projects at any given point in time and its data is useful for decision-making regarding the effectiveness of project management controls and other management decisions.

47. The Board reviewed 431 projects that were operationally closed as at 31 December 2015 and noted that 41 projects had inaccurate end dates in the Atlas

[5] 2004: 3 projects; 2009: 13 projects; 2010: 16 projects; 2011: 47 projects; 2012: 45 projects; 2013: 73 projects and 2014: 84 projects.

system (9 projects were shown as operationally closed, while giving 2017 as the end date and 32 projects had an end date of 2016). The Board found that there was scope to improve the quality of the data maintained in Atlas regarding the status of projects. The dates provided were inaccurate, owing to the fact that the projects had already ended and the output had been achieved before 31 December 2015.

48. UN-Women informed the Board that the report provided was run in late March 2016 and that the Atlas query had not been backdated to 31 December 2015. In addition, it explained that while it was important that all entries in Atlas were accurate, the inaccuracy shown up was small and that it would run reports centrally on a monthly basis and follow up with the offices to ensure accuracy.

49. However, the Board is concerned that an inaccurate reflection of the status of a project in Atlas can mislead decision-making processes and the reliability of the project status indicated could also be questioned.

50. **The Board recommends that UN-Women improve the quality of the data maintained in Atlas regarding the status of projects.**

Inadequate results-based budgeting

51. Results-based budgeting is a budget process in which (a) the budget formulation revolves around a set of predefined objectives and expected results, (b) the expected results justify the resource requirements which are derived from and linked to the outputs required to achieve such results, and (c) actual performance in achieving results is measured by objective performance indicators.

52. From the technical report on UN-Women carried out by the Multilateral Organisation Performance Assessment Network, dated January 2015, the Board observed that in line with the decision to harmonize the presentation of the budgets, in the integrated budget for the biennium 2014-2015 UN-Women had presented proposed resource requirements aligned with each impact in the development results framework and with each output area in the organizational effectiveness and efficiency framework.[6]

53. The integrated budget shows the projected costs of the outputs in the organizational effectiveness and efficiency framework, but not the projected costs of the outputs associated with the impacts in the development results framework. This means that the link between budget allocations and results is made at the higher results level (i.e. for the six impact areas)[7] but not at the outcome level of the development results framework. The lack of a proper link between the budget elements makes measurement of budget performance difficult.

54. UN-Women stated that it remained committed to improving its results-based budgeting presentation during the formulation of the integrated budget for the

[6] The Executive Board of UN-Women requested that the proposed budgets be prepared in accordance with the harmonized results-based budgeting and cost classification methods applied by UNDP, UNICEF and UNFPA. However, because of its unique mandate and composite nature, UN-Women has a cost structure that is not entirely similar to those of UNDP, UNICEF and UNFPA.

[7] Women's leadership and participation; women's economic empowerment; ending violence against women; peace and security and humanitarian action; gender-responsive plans and budgets; and global norms, policies and standards for gender equality and women's empowerment.

biennium 2018-2019, when it would be able to leverage the information available from the new results-based management system, subject to the requirements of harmonization with the other funds and programmes (UNDP, the United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF)).

55. The Board is of the view that UN-Women needs to improve the results-based budget presentation in order to simplify the measurement of budget performance and ensure that the key objective of the results-based budgeting process, linking results to budget expenditures, is achieved.

56. **The Board recommends that UN-Women further improve its integrated budget and enhance its results-based budgeting in line with the harmonization requirements of UNDP, UNFPA and UNICEF.**

Underutilization of annual allocated funds

57. The Board noted from the 2015 annual project resources utilization report that funds amounting to $45.17 million had not been spent and consequently UN-Women had carried them forward to 2016.[8] In addition, the Board found that the reasons for rephasing those funds were lack of clear instructions to field offices on how to prepare annual workplans, which resulted in unrealistic targets being formulated, inaccurate assumptions made, risk identified at a low level and the offices being unable to prepare timely risk-mitigation activities with respect to programmes and projects.

58. UN-Women explained that the management had taken initiatives to improve its capacity to formulate and manage its programme and projects. The initiatives included training programme staff on programme and project management in 2016, training on the results-based management system for the process of drawing up the 2017 strategic note and annual workplan and initiation of an improved project planning and budgeting process. It is expected that those initiatives will improve the capacity of project managers to utilize the allocated funds effectively and ultimately improve implementation of earmarked projects.

59. The Board acknowledges the efforts made by management, but considers that the non-utilization of the annual allocated funds, as outlined in the annual workplans, might have an impact on the project implementation time frame, which would then increase the risk that project objectives would not be achieved.

60. **The Board recommends that UN-Women: (a) ensure that clear instructions on the preparation of annual workplans are sent to the field offices; and (b) expedite the initiation of an improved project planning and budgeting process, which will facilitate effective utilization of the annual allocated funds for better project execution.**

7. Human resource and payroll management

Improper use of staffing modalities

61. In a prior report the Board recommended that UN-Women use proper staffing modalities at country offices (A/69/5/Add.12, para. 68). In 2015, the Board

[8] The funds were rephased on 31 October 2015.

continued to note improper use of staffing modalities at two of the six country offices visited:

(a) In Pakistan, staff statistics showed that the office had 38 staff on service contracts out of a total workforce of 51 (75 per cent of the staff).[9] The Board noted that three staff members on service contracts were performing the core functions of operations management, administration (Administrative Associate) and human resources management (Human Resources Associate), contrary to the human management guidelines, which prohibit non-United Nations staff from performing core functions;

(b) In Mozambique, the Operations Manager, who is responsible for leading operations, putting in place effective operational systems, ensuring the smooth functioning of operations and also acts as an adviser to the senior management on all aspects of the operations of the country office was on a temporary contract, contrary to the programme and operations manual.

62. UN-Women explained that the delegation of authority to manage service contracts rested with the respective representatives in the field offices and that the office had taken measures to ensure that service contracts were used in accordance with the guidelines. In the case of the Mozambique country office, the post of Operations Manager had been established under a fixed-term appointment and would be filled accordingly.

63. The Board noted management efforts, but considers that UN-Women needs to engage permanent staff for such positions, so that the workforce is strengthened and the institutional memory is preserved.

64. **UN-Women agreed with the recommendation of the Board that it ensure that the field offices use proper staffing modalities and that holders of service contracts do not perform core functions.**

Performance appraisal delays

65. The Board noted from a review of performance appraisals for all staff on fixed-term appointments that at three out of the six country offices visited,[10] performance planning, midyear reviews and final reviews had either not been carried out or were delayed, contrary to the requirements in the human resources chapter of the programme and operations manual.

66. UN-Women attributed the deficiencies noted to the workload and stated that compliance rates of completion of performance appraisals were regularly monitored and managers and staff strongly advised and encouraged to ensure the timely completion of their performance reviews. In addition, management informed the Board that for the 2015 workplan cycle, the performance management and development template incorporated a request from both the staff member and his or her supervisor to state whether there were any outstanding performance management and development files from previous years.

67. Despite management efforts and the explanations provided, the Board still considers that more effort is needed to ensure that performance appraisals are conducted on time, so they can be used as a basis for providing timely feedback to

[9] Seven staff members are on special service agreements.

[10] Mozambique, Nigeria and Pakistan.

staff on their performance and address any weaknesses identified in a timely manner.

68. **UN-Women agreed with the recommendation of the Board that it comply with the policy regarding the timely performance of reviews and ensure that performance planning, midyear reviews and final reviews for fixed-term appointments in all field offices are carried out in compliance with the requirements of the programme and operations manual.**

Delays in submission of leave requests and approvals

69. UN-Women uses the Atlas eService programme for the application, registration, tracking and monitoring of leave. Staff members request leave through eService, it is approved by a leave monitor and the leave balance for each staff member is calculated to obtain the leave liability payable to staff at the year end.

70. The Board noted that of the 4,683 leave requests submitted during the year, 1,160 were submitted late to supervisors for approval, for periods ranging from one to 325 days, meaning that staff members submitted requests after they had already taken their annual leave, while approvals by supervisors of 678 requests were delayed for periods ranging from one to 238 days.

71. UN-Women explained that while the leave request approvals might be delayed for a variety of reasons, such as access to Atlas, log-in issues and supervisor's absences, the entity aimed to improve the process so that the leave focal points were regularly instructed to advise their units and managers to approve leave requests before payroll freeze cycles.

72. However, the Board is concerned that if not checked, the delays may lead to incorrect leave balances at the year end and consequently misstatement of the annual leave liability in the financial statements.

73. **The Board recommends that UN-Women set up a mechanism which enables timely submissions of leave requests by staff members and subsequent approval by supervisors.**

8. Information technology

Meeting of the Information and Communications Technology Board not conducted according to the terms of reference of the Board

74. The ICT governance policy states that the Information and Communications Technology Board has the responsibility for providing input and making decisions on ICT strategy, architecture and investments in line with defined authority levels. The terms of reference also require the ICT Board to schedule at least one regular session during each quarter of the year.

75. However, the Board found that in 2015, the ICT Board held one meeting and 75 per cent of the participants were ICT staff and alternate members, who were not senior officials, contrary to the terms of reference of the ICT Board. The Board also noted that the names of the members of the ICT Board had not been updated to reflect the appointment of new members replacing those who had separated from UN-Women.

76. UN-Women explained that based on the experiences of the organizational management and reporting system project and in order to strengthen ICT governance, an initiative had been launched in 2016 to identify areas of improvement with the aim of leveraging current decision-making structures to encompass the full scope of the corporate ICT strategy and annual work programme.

77. Notwithstanding management efforts, such as the development of a draft revised ICT governance policy and the drafting of updates to the terms of reference of the ICT Board, the Board considers that the regular sessions of the ICT Board are still crucial for UN-Women. They will assist the discussion of ICT requirements and needs at the organizational level and serve as a mechanism for the resolution of competing priorities at that level to ensure optimal use of ICT resources and the alignment of ICT investments with the business needs of the organization.

78. **UN-Women agreed with the Board's recommendation that (a) the ICT Board conduct meetings on a periodic basis, as stipulated in its terms of reference, to provide direction and decisions on ICT investments and the use of ICT resources across the organization; (b) review the membership of the ICT Board to ensure that senior management from all or at least the major business process owners throughout the organization are represented; and (c) review and evaluate the function and performance of the ICT Board regularly so as to ensure its effectiveness and facilitate improvement.**

Lack of awareness training on information security

79. The information security policy at UN-Women requires the existence of an information security programme, so that there is clear responsibility and accountability, both within and across organizational units, for the management of information security. In addition, staff members are supposed to be trained in security-related procedures for information technology by the Information Systems and Telecommunications Section.

80. However, the Board found that UN-Women had not conducted awareness training on information security between 2014 and 2016. UN-Women explained that it had contracted the International Computing Centre to assist in creating an awareness training course on information security.

81. The Board is concerned that as a result of the lack of awareness training on information security, UN-Women could face increased risks of improper handling of sensitive information, insecure use of ICT systems, cyberattacks and unavailability and compromised confidentiality or integrity of its information.

82. **UN-Women agreed with the recommendation of the Board that it: (a) develop an awareness training programme on information security, based on a needs assessment; and (b) conduct mandatory awareness training on information security for all staff to ensure that they understand the various information security risks.**

Lack of strategic planning elements in information and communications strategy for the period 2012-2015

83. The ICT strategic plan for the period 2012-2015 was developed based on the overall strategic plans of UN-Women, which covered the periods 2011-2013 and

2014-2017. Strategic planning elements assist in the coordination and monitoring of ICT initiatives and the ICT governance structures at the corporate level.

84. However, the Board noted that the ICT strategic plan for the period 2012-2015 did not include elements such as a timetable for achieving the expected outcomes, success metrics and a description of how major risks would be managed or mitigated during the implementation of the ICT strategy.

85. UN-Women stated that while it recognized the importance of including those elements in the strategic plan, it believed that they were addressed in the ICT road map and would be further detailed as it continued with the development of the ICT strategy for the period from 2016 onwards.

86. The Board is of the view that the lack of strategic planning elements (time frame, success elements and major risks) may cause inadequate implementation of the ICT strategy, owing to inadequate monitoring and evaluation of the ICT strategy regarding the achievement of the planned objectives.

87. **The Board recommends that UN-Women: (a) ensure that the ICT strategy developed for 2016 contains elements that include a timetable for achieving the expected outcomes, success metrics and a description of how major risks will be managed or mitigated during the implementation of the strategy; and (b) review the ICT strategic road map on a periodic basis.**

C. Disclosures by management

1. Write-off of losses of cash, receivables and property

88. In accordance with regulation 21.1, UN-Women informed the Board that losses of receivables and liabilities of $144,658 had been written off.

2. Ex gratia payments

89. In accordance with regulation 20.6 of its financial regulations and rules, UN-Women informed the Board that ex gratia payments of $21,100 had been paid to staff as a one-time rehabilitation grant after the earthquake in Nepal in 2015.

3. Cases of fraud and presumptive fraud

90. UN-Women informed the Board that seven cases of alleged fraud were under investigation as at 31 December 2015, as described further below:

(a) Ten cases of fraud were reported during 2015 to the Office of Audit and Investigation. As at 31 December 2015, five cases were closed and unsubstantiated, of which two were closed after an initial assessment. Five cases remained open, two of which were closed as unsubstantiated in the first quarter of 2016;

(b) Four fraud cases reported in 2014 were carried forward into 2015. As at 31 December 2015, three were closed as unsubstantiated, of which one was closed after an initial assessment and one case remained open;

(c) Two cases reported in 2013 were carried forward into 2015. As at 31 December 2015, one was closed and substantiated, resulting in a report in December 2015 concluding that funds disbursed to an implementing partner in the

sum of $12,248 were unaccounted for. The other case remained open as at 31 December 2015 and was closed and unsubstantiated in the first quarter of 2016.

91. UN-Women informed the Board that the above-mentioned information was provided on the understanding that the Office of Audit and Investigations had categorized cases of fraud and presumptive fraud as those with a potential financial impact relating to procurement fraud, theft and embezzlement and entitlement fraud.

92. In 2015, the Board did not identify any cases of fraud, other than those that were reported to the Board and adequately disclosed in the notes to the financial statements.

D. Acknowledgemeat

93. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Director and her staff.

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the United Republic of Tanzania
Chair of the Board of Auditors
(Lead Auditor)

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General
of the United Kingdom of Great Britain and Northern Ireland

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor General of India

30 June 2016

Annex

Status of implementation of previous recommendations as at 31 December 2015

No.	Financial period first made and reference	Report reference	Recommendations	Action reported by management	Board's assessment	Status after audit verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	Reiterated
1.	2012	A/68/5/Add.13, para. 41	Develop risk registers at operational levels and a consolidated register at strategic level. The registers should include categories and the nature of threats that may adversely affect the delivery of its mandate and include possible mitigation strategies.	A risk register has been developed. As part of the enterprise risk management and implementation strategies, field offices have been encouraged to upload risk data and there is now 96 per cent progress in this area. Furthermore, risk data at operational level from units at headquarters has also now been uploaded and provides a platform for the aggregation of data, in order to give a view of the different categories of risks at an organizational level. UN-Women is now also in the process of developing a reporting module as part of the enterprise risk management "OneApp" online tool that will be an enabler for regular reporting on risks.	The Board verified the action taken by UN-Women and found that the risk register was already in place.	X				
2.	2012	A/68/5/Add.13, para. 70	(a) Ensure that the positions held by service contract holders are filled on a timely basis by personnel on staff contracts; (b) assess the current status of staffing at all levels and the impact on the performance of programmes and find a means of creating a	UN-Women has implemented all parts of the recommendation except part (a). A service contract is a valid contractual modality and will be used for functions that qualify for a service contract. Adequate guidance is provided to offices to ensure appropriate use of service	The recommendation is considered as under implementation and the Board will continue to monitor all other offices annually on the implementation of part (a) of the recommendation.		X			

No.	Financial period first made and reference	Report reference	Recommendations	Action reported by management	Board's assessment	Status after audit verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	Reiterated
			database of prospective applicants who can be recruited to fill vacant posts in a timely manner; (c) institute a follow-up process for officers returning from official travel so that they submit travel claim forms within the specified time.	contracts. It was agreed that the auditors would review the status of compliance during their field visits and reconsider the status of implementation.						
3.	2013	A/69/5/Add.12, para. 16	Strengthen its resource mobilization activities by expanding and diversifying its resource base through: (a) strengthening and expanding partnerships with bilateral and multilateral donors; (b) developing regionally based fundraising expertise; and (c) approaching socially responsible private sector entities, women's groups and individuals.	UN-Women is making efforts to widen and deepen its partnership base.	The Board will consider the recommendation as implemented once all parts of the recommendation have been fully implemented and verified. The Board considers that part (b) has not yet been implemented.		X			
4.	2013	A/69/5/Add.12, para. 21	Ensure that all its field offices (regional, multi-country and country offices) develop and implement their own business continuity and disaster recovery plan based on the relevant working environment and monitor their developments.	UN-Women has implemented the recommendation, having completed business continuity plans at its headquarters and field offices (regional, multi-country and country offices).	The Board verified the status of implementation of its recommendation and closed it.	X				

No.	Financial period first made and reference	Report reference	Recommendations	Action reported by management	Board's assessment	Status after audit verification: Implemented	Under implementation	Not implemented	Overtaken by events	Reiterated
5.	2013	A/69/5/Add.12, para. 51	(a) Enhance its monitoring of advances to implementing partners to verify the correct use of the funds for achieving results and expected outputs; and (b) identify problems and implement necessary corrective actions with its partners where there are long-outstanding balances at the end of the period (6 months for implementing partners and 12 months for trust fund grants), including recovery of such balances as appropriate.	UN-Women has set up a working group of senior management to determine a strategy to improve compliance with its policies. Regional offices are providing updates on reasons for long-outstanding advances.	The recommendation has been reiterated.					X
6.	2013	A/69/5/Add.12, para. 61	UN-Women agreed with the Board's recommendation that it continuously monitor and perform financial closure of all operationally closed projects within 12 months of operational closure as required by its financial regulations and rules.	The financial closure of operationally closed projects between 2004 and 2011 was completed in the books as at 31 December 2014.	The Board matter still persists because during the current audit (2015), the Board observed that 281 operationally closed projects were not financially closed within the required 12-month period, as required by rule 1703 of the financial regulations and rules of UN-Women.		X			
7.	2013	A/69/5/Add.12, para. 72	UN-Women agreed with the Board's recommendation that it provide adequate support to the field offices in order to enhance staff capacities in procurement procedures, including the management of contracting individual	In order to align the management of individual consultancy agreements with the recent developments in the United Nations system (e.g. "Delivering as one"), and in response to the report of the Joint Inspection Unit issued in 2014 on the "Use of	The Board verified the recommendation and found that UN-Women had revised its policy. However, the implementation had not been effected.		X			

No.	Financial period first made and reference	Report reference	Recommendations	Action reported by management	Board's assessment	Status after audit verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	Reiterated
			consultants and contractors in line with the existing guidelines, and monitor their compliance.	non-staff personnel and related contractual modalities in the United Nations system organizations", UN-Women delayed the implementation date for the newly established individual consultancy agreement policy so that the relevant section(s) could address the recommendations of the Joint Inspection Unit. Based on the recommendation of the Board of Auditors, the management process for special service agreements has been strengthened already and the Human Resources Division manages the contracting process, including approval of purchase orders for all headquarters-based special service agreements. Further, a human resources focal point attends the meetings of the Procurement Review Committee to review cases related to consultancy contracts. These steps have strengthened the process and further ensured that special service agreements are not issued prior to the control requirements being satisfied.					

No.	Financial period first made and reference	Report reference	Recommendations	Action reported by management	Board's assessment	Status after audit verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	Reiterated
8.	2014	A/70/5/Add.12, para. 15	UN-Women agreed with the Board's recommendation that it ensure that (a) all relevant data are available at the time of the preparation of the annual workplan; and (b) all field offices establish baselines and targets for all expected outputs, outcomes and indicators in the annual workplan as required by the programme and operations manual.	The regional office for East and Southern Africa conducted an annual workplan review meeting in May 2014, at which the results framework was reviewed. All the outputs, indicators, baselines and targets were reviewed and taken into account, as appropriate.	The recommendation is considered to be under implementation because at the time of the Board assessment, management was still working on it to ensure that all relevant data had been collected and all field offices had established baseline data for full implementation of the recommendation.		X			
9.	2014	A/70/5/Add.12, para. 21	The Board recommends that UN-Women (a) identify new and strengthen current sources of non-core resources and modalities; and (b) expand and deepen contributions from non-traditional donors, individual donors and UN-Women national committees.	The donor base of UN-Women has been widened, as evidenced by the fact that in 2015 146 Member States contributed to its core resources and an additional 3 to non-core, coming close to the target of 150 Member States contributing to core resources. In 2014, the number of Member States contributing to core resources was 143, representing 74 per cent of the membership of the United Nations. While there is still potential for growth, UN-Women is satisfied with that number and will focus on nurturing those partnerships in order to at least maintain the number and increase the size of the contributions. UN-Women has also increased the number of	The recommendation is considered to be implemented because UN-Women has (a) identified new sources of non-core resources and modalities; and (b) expanded and deepened contributions from non-traditional donors, individual donors and UN-Women national committees.	X				

No.	Financial period first made and reference	Report reference	Recommendations	Action reported by management	Board's assessment	Status after audit verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	Reiterated
				partnerships with the private sector, not only for contributions but also for contributions in kind and collaboration. In order to identify new sources and modalities for non-core fundraising, it has continued its structured dialogue on financing with Member States through the Executive Board. It has also established an innovative funding mechanism, the global acceleration instrument for women, peace and security and humanitarian action for dedicated, scaled-up financing for implementing the women and peace and security agenda.					
10.	2014	A/70/5/Add.12, para. 27	The Board recommends that UN-Women continue to review the funding of the after-service health insurance, repatriation benefits and death benefit liability to ensure that the Entity is able to meet maturing obligations.	The annual review of funding of after-service health insurance and repatriation liabilities was conducted for the year ended 31 December 2015 and it was found that UN-Women had adequately covered those liabilities.	The Board has verified implementation of the recommendation and found it has been implemented.	X				

No.	Financial period first made and reference	Report reference	Recommendations	Action reported by management	Board's assessment	Status after audit verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	Reiterated
11.	2014	A/70/5/Add.12, para. 33	UN-Women agreed with the Board's recommendation that it improve (a) its management accounts to include information such as monthly analysis and commentary, quarterly reports on investments and financial sustainability for improved decision-making; and (b) its biannual reporting on key financial ratios covering liquidity and asset utilization and financial sustainability	The report to the Executive Director and senior management team on the financial statements for the year ended 31 December 2015 included the year-end financial ratios based on the pre-audit financial statements with details of investment holdings.	The Board has verified implementation of the recommendation and found it has been implemented, since management accounts included information such as monthly analysis and commentary, quarterly reports on investments and financial sustainability for improved decision-making. There is also a biannual report on key financial ratios covering liquidity, asset utilization and financial sustainability.	X				
12.	2014	A/70/5/Add.12, para. 38	The Board reiterates its recommendation that UN-Women (a) enhance its accountability and monitoring of advances to implementing partners at the project level by verifying the correct use of the funds and the achievement of results and expected outputs; and (b) identify problems and implement the necessary corrective actions with its partners with long-outstanding balances at the end of the period, including recovery of such balances as deemed appropriate.	Enhanced monitoring is under way through a month-end closure instruction for all offices and sections. Further, regional offices are required through the month-end closure instruction to review the actions offices have completed. The Director of the Programme Division communicates regularly with the regional Directors on the status of liquidation of outstanding partner advances. On accountability, regional Directors are now accountable for outstanding partner advances as one of their five key indicators.	The Board considers part (a) of the recommendation to be under implementation because during the 2015 audit, it noted long-outstanding project advances ranging from 7 to more than 36 months, contrary to paragraph 3 on cash advances to implementing partners in the programme and operations manual.		X			

No.	Financial period first made and reference	Report reference	Recommendations	Action reported by management	Board's assessment	Status after audit verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	Reiterated
13.	2014	A/70/5/Add.12, para. 44	The Board recommends that UN-Women (a) enhance its efforts in liquidating the long-outstanding advances with implementing partners; and (b) ensure that adequate monitoring of implementing partners is conducted by the field offices.	UN-Women will address this issue by: (a) reviewing the annual impairment policy; (b) updating the chapter in the programme and operations manual on cash advances and other cash transfers to partners with a policy on write-offs and a unilateral liquidation policy; and (c) ensuring that the Programme Division has pressed offices to investigate old advances.	The recommendation is considered to be under implementation because the Board needs time to assess the trend in provisioning for the impairment of advances to partners and ensure that part (a) of the recommendation is fully implemented.		X			
14.	2014	A/70/5/Add.12, para. 50	The Board recommends that UN-Women expedite the process of revising its Programme and Operations Manual so that the existing policies and guidance on the capacity assessment processes of Government partners and the capacity assessment of the financial and administration capacity aspects of an implementing partner are enhanced.	UN-Women has undertaken a comprehensive review and revision of the programme section of the programme and operations manual, including strengthening the process for the selection of partners and a capacity assessment of government partners. The draft revised manual is finalized, but has not been released owing to the need to take into consideration the additional priorities of the new Assistant Secretary-General and the new Director of Programmes. The revised manual is targeted to be released at the end of the second quarter of 2016.	The recommendation is considered to be under implementation because UN-Women has not yet revised the programme and operations manual, as required by the Board in its recommendation.		X			

No.	Financial period first made and reference	Report reference	Recommendations	Action reported by management	Board's assessment	Status after audit verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	Reiterated
15.	2014	A/70/5/Add.12, para. 54	The Board recommends that UN-Women address all operational weaknesses associated with the disbursement of funds and ensure that all field offices comply with the Programme and Operations Manual in all aspects, including the immediate release of funds after signing the funding agreements.	UN-Women noted the recommendation and would like to emphasize that the observation on the delays in releasing funds to implementing partners was raised in one specific office (Malawi), as reported by the Board in its previous report (A/70/5/Add.12). The Malawi office was a newly established office and did not have a delegation of authority at the time. It was supported by the regional office for East and Southern Africa. UN-Women has resolved this issue, the Malawi office has received its delegation of authority and recruitment has been finalized for the established posts.	The Board has verified implementation of the recommendation by looking at the 2015 fund allocation dates and found that it has been implemented.	X				
16.	2014	A/70/5/Add.12, para. 59	UN-Women agreed with the Board's recommendation that it improve its monitoring and control of special service agreements by developing and maintaining an integrated computerized system at the corporate level, in order to obtain centrally the real-time information for all workforces.	Human Resources and ICT are in in the process of designing a prototype for an integrated computerized system for tracking special service agreements.	The Board considers the recommendation to be under implementation because Human Resources and ICT are in the process of designing a prototype for an integrated computerized system for tracking special service agreements.		X			

No.	Financial period first made and reference	Report reference	Recommendations	Action reported by management	Board's assessment	Status after audit verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	Reiterated
17.	2014	A/70/5/Add.12, para. 66	The Board recommends that UN-Women (a) work closely with project auditor(s) to ensure that all project audit reports are submitted before 30 April of each calendar year; (b) consider developing a computerized system that will improve on the efficiency and effectiveness of reporting and monitoring the status of implementation of the project audit recommendations; and (c) work closely with the implementing partners to address the weaknesses identified in the project audit reports, with emphasis on those partners with repeating errors or findings.	All the 2014 audit reports have been submitted for the projects/partners included in the 2014 audit plan. UN-Women emphasized to its global auditors that it had complied with recommendation that the 2015 project/partner audit reports be submitted on or before 30 April 2016. Action plans for the implementation of audit recommendations were submitted using the SharePoint system. Further enhancements to the system are under way. The results of the audits of partners are used as one of the inputs for the training of partners.	The recommendation is considered to be under implementation because not all project audit reports are submitted before 30 April of each calendar year. Also parts (b) and (c) are still under implementation.		X			
18.	2014	A/70/5/Add.12, para. 72	UN-Women agreed with the Board's recommendation that it review and test its disaster recovery plan and thereafter implement a comprehensive disaster recovery plan that will accommodate the entire information system.	The scoping phase is in progress.	The recommendation is considered to be under implementation because the scoping phase as to how the recommendation should be implemented is still in progress.		X			

No.	Financial period first made and reference	Report reference	Recommendations	Action reported by management	Board's assessment	Status after audit verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	Reiterated
19.	2014	A/70/5/Add.12, para. 79	UN-Women agreed with the Board's recommendation that it (a) review and update its change management standard and establish system development life cycle standards as an integrated standard document that reflects all required processes; (b) review its information system acquisition, development and implementation processes and strengthen related standards and guidelines for each stage of the process; and (c) improve information and communications technology project management and change management by strengthening the formulation of project proposals or change requests.	A new change management standard has been drafted and a new change control system is in progress.	The recommendation is considered to be under implementation because the management initiatives that have been instituted are still in progress.		X			
Total			**19**			**6**	**12**			**1**
Percentage			**100**			**32**	**63**			**5**

Chapter III
Certification of the financial statements

Letter dated 22 April 2016 from the Director of the Division of Management and Administration of the United Nations Entity for Gender Equality and the Empowerment of Women addressed to the Chair of the Board of Auditors

Pursuant to financial rule 1201, I certify that, to the best of my knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the appended financial statements for the year ended 31 December 2015.

I acknowledge that:

The management is responsible for the integrity and objectivity of the financial information included in these financial statements;

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards and include certain amounts that are based on the management's best estimates and judgments;

Accounting procedures and related systems of internal control provide reasonable assurance that assets are safeguarded, that the books and records properly reflect all transactions and that, overall, policies and procedures are implemented with an appropriate segregation of duties. The internal auditors continually review the accounting and control systems;

The management provided the internal auditor with full and free access to all accounting and financial records.

The recommendations of the United Nations Board of Auditors and internal auditors are reviewed by the management. Internal control procedures have been revised or are in the process of revision, as appropriate, in response to those recommendations.

I am in receipt of a letter of certification from the Deputy Assistant Administrator, Deputy Director and Chief Finance Officer, Bureau of Management, United Nations Development Programme (UNDP), which provides the same assurances with respect to UNDP accounting procedures and related systems of control to the extent that services are provided by UNDP to UN-Women, as per the service-level agreements currently in force.

(*Signed*) Moez **Doraid**
Director a.i.
Division of Management and Administration
United Nations Entity for Gender Equality
and the Empowerment of Women

Chapter IV
Financial report for the year ended 31 December 2015

A. Introduction

1. The Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) has the honour to submit the financial report for the year ending 31 December 2015, together with the audited financial statements and the report of the Board of Auditors. This submission is made in compliance with regulations 12.1 and 26.2 of the Financial Regulations and Rules of UN-Women. The annual financial statements cover all the resources for which the Executive Director is responsible.

2. The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and were transmitted to the Board of Auditors on 29 April 2016. The Advisory Committee on Administrative and Budgetary Questions has received the financial statements of UN-Women for 2015, as required by financial rule 1202. The Board of Auditors has given its opinion and report on the 2015 financial statements, both of which are also submitted to members of the Executive Board.

3. The pursuit of gender equality, the empowerment of women and girls and the realization of their human rights is a prerequisite and driver for sustainable development, peace and security and human rights and humanitarian action. UN-Women has completed its fifth year of operating as a composite entity since its creation by the General Assembly in resolution 64/289. The Assembly, the Economic and Social Council and the Commission on the Status of Women provide guidance for the normative functions of UN-Women; the Assembly and the Executive Board provide guidance for its operational activities.

B. Resource mobilization and funding status

4. Since its inception in 2011, UN-Women has continued to strive towards its minimum capitalization level of $500 million per annum, and resource mobilization remains a corporate organizational priority. Resource mobilization projections were articulated in the Entity's updated strategic plan for 2014-2017 and established in the institutional budget for 2014-2015 at the level of $690 million. For 2015, the resource mobilization projections were set at $380 million, $180 million for regular resources (unearmarked/core) and $200 million for other resources (earmarked/non-core).

5. UN-Women is funded mainly by voluntary contributions (96.24 per cent in 2015), comprising regular resources and other resources to finance its operational activities. Assessed contributions (2.35 per cent in 2015) are received from the United Nations Secretariat to contribute to the normative functions of UN-Women.

6. Voluntary contributions in 2015 comprised $136.1 million in regular resources (2014: $163.7 million) and $170.9 million in other resources (2014: $159.2 million). The year 2014 was the first year since its inception that UN-Women met the financial projections set in its budget of $310 million. Although in 2015, budget targets totalling $380 million were not reached, with shortfalls in regular resources

of $43.9 million and in other resources of $29.1 million, other resources voluntary contributions grew by $11.8 million compared with the previous year.

7. UN-Women focused its efforts in 2015 on widening and deepening its partnership base. The number of Member States contributing to UN-Women in 2015 increased to 149 (an increase of 4 per cent compared with 2014); 6 Member States became donors for the first time and 43 gave multi-year pledges. Four Member States contributed over $10 million to core resources, including Finland, Norway, Switzerland and the United Kingdom of Great Britain and Northern Ireland. Nine Member States contributed over $10 million in total (regular resources and other resources combined).

8. In order to secure the Entity's cash inflows, Member States are requested to pay early in the financial year, so that operations funded by regular resources can be effectively implemented. For programme activities funded by other resources, timely payments by Member States will ensure that project implementation commences and proceeds as planned.

9. Resource mobilization and fundraising activities are continuously intensified, guided by a strategic partnership and resource mobilization strategy that: (a) targets traditional and non-traditional donors, including the private sector and foundations; (b) builds partnerships and access to donor funds at the programme country level; (c) widens and deepens the donor base, including encouraging double digit (over $10 million) regular resource pledges to enhance the sustainability and predictability of regular resources funding; and (d) utilizes diverse communications platforms to broaden outreach to the general public.

10. UN-Women appeals to all its stakeholders to contribute a higher level of resources, commensurate with the strong political will expressed by Member States in support of UN-Women, thus enabling it to better deliver on its mandate to attain its minimum capitalization target of $500 million per annum.

C. Major achievements, institution-building and progress on organizational effectiveness and efficiency in 2015

1. Implementation of strategic priorities

11. A convergence of international processes has brought renewed attention and enhanced political commitment to gender equality and women's empowerment. Those processes include the 20-year review of the implementation of the Beijing Platform for Action, the Political Declaration adopted at the fifty-ninth session of the Commission on the Status of Women and the fifteenth-anniversary review of the implementation of Security Council resolution 1325 (2000), together with the adoption of resolution 2242 (2015) on women and peace and security.

12. Building on that foundation, the 2030 Agenda for Sustainable Development, with its emphasis on gender equality and women's empowerment as a stand-alone goal and reflected throughout the agenda, reinvigorates efforts to end gender inequality by 2030. In addition, commitments contained in the Addis Ababa Action Agenda of the Third International Conference on Financing for Development and the Paris Agreement on climate change emphasize the importance of gender equality and women's empowerment for sustainable change. There is also greater recognition of the importance of women's engagement in humanitarian action.

13. The year 2015 represented the second year of implementation of the UN-Women strategic plan 2014-2017 and its six impact areas within the context of increased demand: (a) women lead and participate in decision-making at all levels; (b) women, especially the poorest and most excluded, are economically empowered and benefit from development; (c) women and girls live a life free from violence; (d) peace and security and humanitarian action are shaped by women's leadership and participation; (e) governance and national planning fully reflect accountability for gender equality commitments and priorities; and (f) a comprehensive and dynamic set of global norms, policies and standards on gender equality and women's empowerment is in place and is applied through action by Governments and other stakeholders at all levels.

14. Based on those priorities, UN-Women delivered programme support in 93 countries in 2015. The highest-ever programme expenditure was registered in 2015, at $225 million, a 20 per cent increase over 2014 ($186 million). Total programme expenditure in the field was 34 percent higher in 2015 than in 2014, demonstrating the continuous strengthening and increased capacity of the field offices.

15. At the midpoint of the strategic plan, the performance of UN-Women against its targets is positive. As part of the midterm review of its strategic plan, UN-Women proposed a revision of some indicators and targets, based on the first two years of implementation of the strategic plan, trends analysis and an assessment of its field capacity.

16. UN-Women played a key role in supporting Member States in the development of the 2030 Agenda for Sustainable Development by providing expertise and policy analysis, leveraging partnerships and the knowledge base and integrating good practices and lessons learned from regional and national experiences. It called for the new agenda to be transformative and address the structural drivers of gender inequality and emphasized the importance of a clear target date of 2030 to end gender inequality. The inclusion of a comprehensive stand-alone goal to "achieve gender equality and empower all women and girls" and gender-sensitive targets across the Sustainable Development Goals provide a solid basis on which to address gender-based discrimination and inequality in a truly transformative manner.

17. UN-Women also leveraged the concurrence of the 20-year review of the implementation of the Beijing Platform for Action and the elaboration of the 2030 Agenda for Sustainable Development to strengthen linkages between both processes. It played a key role in directly supporting 84 national review processes of the Platform for Action and the subsequent implementation of recommendations and convened more than 100 multi-stakeholder consultations in support of intergovernmental processes. A global dialogue was held with 200 civil society actors to chart a way forward for the gender-responsive implementation of the 2030 Agenda for Sustainable Development. The historic Global Leaders' Meeting on Gender Equality and Women's Empowerment marked the culmination of the 20-year review and constituted the first-ever meeting of heads of State and Government on gender equality, a result of the determination of UN-Women to mobilize decision makers at the highest level, with more than 60 leaders making commitments to bridge gender gaps.

18. UN-Women launched its flagship report, *Progress of the World's Women 2015-2016: Transforming Economies, Realizing Rights*, in which it made recommendations on transforming economies to benefit women. The report was

complemented by a series of policy briefs to shed light on previously neglected areas, and a series of activities have taken place across all regions and globally to promote its findings.

19. The midterm review of the strategic plan found that, two years after its adoption, it continues to be relevant and contributes to the implementation of the Beijing Platform for Action. Analysis shows that it also effectively supports the implementation of the 2030 Agenda for Sustainable Development. The steady progress registered against targets also reinforces the conclusion that the approaches and strategies of UN-Women are effective and achieving the intended results. The ability of UN-Women to leverage its triple mandate of normative support, United Nations coordination and operational activities has been an enabler of success, as have been its strong partnerships with gender equality advocates. It has also been successful in engaging non-traditional partners, such as men and boys, the private sector, faith-based organizations and other groups.

20. In 2015, UN-Women launched 12 flagship programming initiatives that respond to a number of lessons learned from the first two years of implementation of the strategic plan. The initiatives reflect an evolution in the programming modalities of UN-Women and aim to consolidate a large number of small-scale, short-duration projects concerning only UN-Women into a smaller number of larger multi-stakeholder transformative programmes. Based on comprehensive theories of change, the initiatives provide a common platform for UN-Women and its partners to map ongoing activities contributing to gender equality in a specific area and to identify areas to be addressed. The 12 initiatives are fully aligned with the priorities of the strategic plan and support the implementation of the 2030 Agenda for Sustainable Development and several of the Sustainable Development Goals in a synergistic manner. Flagship programming initiatives enable UN-Women to fully leverage its unique composite mandate and strengthen normative-operational linkages in support of transformative change. They are high-impact, scalable, multi-stakeholder programmes that leverage partnerships in support of results.

2. Organizational effectiveness and efficiency

21. Organizational effectiveness and efficiency have continued to show significant progress. After five years of operations, UN-Women continues to improve systems for performance management and reporting, financial accountability, audit, human resource management, risk management and operational infrastructure, and has a strong independent evaluation function. In 2015, it received a fourth consecutive unqualified audit report, confirming that the financial statements are in accordance with IPSAS and that transactions tested as part of the audit have in all significant respects been in accordance with the financial regulations and rules of UN-Women. United Nations coordination, strategic partnerships, advocacy, communications and the knowledge-hub function have continued to support the delivery of development results.

22. UN-Women has continued the implementation of its 10-step strategy of strengthening results-based management. The roll-out of a high-performing results-based management system as the corporate instrument through which planning, budgeting, monitoring and reporting takes place, represented a major milestone in 2015. The system has greatly improved the capacity of UN-Women to track progress, learn and take corrective action. All annual workplans and results are

contained in the results-based management system, a key function of which will be to link with the enterprise resource and financial planning tool (Atlas) and the tracking and monitoring of development results, as well as funding needs and gaps, in a dynamic and transparent manner. UN-Women has also devised a new results-based management training programme and has rolled out 10 modules on subjects such as planning, indicator development and results reporting.

23. In 2015, UN-Women became the first entirely cloud-based United Nations agency. It has successfully leveraged information and communications technology systems to improve organizational efficiency and effectiveness. For example, integration with the results-based management system and enterprise resource planning system has enabled the development of corporate dashboards to support management decision-making. It is investing in programme management systems to improve key functions and support decentralized decision-making. A comprehensive information and communications technology programme management architecture is under development and will include critical elements such as systems for programme resource mobilization planning, pipeline management and contract management. Those systems will also help ensure that UN-Women is compliant with the International Aid Transparency Initiative.

24. UN-Women has launched a programme-focused business process mapping and re-engineering initiative to identify bottlenecks, streamline systems and processes and design optimized, efficient and effective delivery platforms. The initiative aims to strengthen a culture of results-based management, accountability and improved stewardship of resources. In 2015, UN-Women started work on three work streams: donor reporting, project design, and fast-track procedures for humanitarian response. It is also assessing which operational capacities it can entrust to other United Nations agencies and where it can join common United Nations operational centres, with a view to reducing operational costs and leveraging economies of scale.

25. UN-Women adopted a cost-recovery policy in late 2015 to ensure that costs associated with the implementation of programmes and projects funded from non-core resources could be fully recovered through the application of the cost-recovery mechanism. Cost recovery is intended to ensure that regular resources are not overly subsidizing organizational costs.

3. Transparency and accountability

26. In 2015, the Independent Evaluation Office continued its efforts to ensure quality and timely delivery of evaluations. The Office presented to the Executive Board the reports of five evaluative studies, including two corporate evaluations, on (a) the contribution of UN-Women to women's economic empowerment and (b) the normative support work of UN-Women and its operational linkages. At the decentralized level, 27 evaluations were commissioned by UN-Women offices.

27. Positive progress in strengthening the evaluation function has been registered over the past two years. The externally assessed quality of corporate and decentralized evaluations has improved, with 81 per cent judged to be "good" and "very good" in 2015 (up from 72 per cent in 2014). The commitment of UN-Women to using lessons learned and findings from evaluations to improve programme design, effectiveness and efficiency also increased in 2015, with three quarters of field offices utilizing the findings from evaluations in their programme plans in 2015.

28. As Chair of the United Nations Evaluation Group, the Independent Evaluation Office has provided leadership and extensive support for system-wide coordination on gender-responsive evaluation and led efforts to strengthen evaluation systems within and beyond the United Nations, including by actively advocating the integration of gender perspectives into national evaluation systems.

29. The Audit Advisory Committee of UN-Women reported to the Executive Board at its annual session in 2015 and provided independent feedback to Member States. The Committee has met regularly with senior management and contributes to the promotion of a culture of governance. Its members assist the Executive Director in her oversight duties. In its 2015 report, the Committee commended UN-Women on receiving an unqualified audit opinion from the Board of Auditors for the fourth consecutive year since its inception. The financial reporting for UN-Women continues to improve, and refinements continue to be made as necessary. The Committee also commended UN-Women on the increase of its non-core resource portfolio in 2015, but noted the ongoing challenges regarding resource mobilization in 2015.

30. In 2015, UN-Women published six internal audit reports on its public website that had been issued by the Office of Audit and Investigations. The publication of internal audit reports enhances the transparency of the Entity's activities for donors and Member States. In its 2015 report, the Office of Audit and Investigations provided its opinion that, based on the scope of work undertaken, the adequacy and effectiveness of the governance, risk management and control in the audits issued in 2015 were in aggregate satisfactory, which meant that they were generally established and functioning well. As at 31 December 2015, the implementation rate of internal audit recommendations was 99 per cent, which exceeded the target of 90 per cent.

4. External audit recommendations

31. The management of UN-Women is committed to taking action to address the implementation of the external audit recommendations issued by the Board of Auditors. For the financial year 2014, 4 of the 12 recommendations issued by the Board were implemented and 8 are under implementation. For the financial year 2013, 9 of the 12 recommendations were implemented and 3 are under implementation.

D. Financial performance

32. As total revenue for UN-Women was $318.9 million and total expenses were $314.9 million, the Entity recorded a surplus of $4 million for the year ended 31 December 2015, compared with a surplus of $62.4 million for 2014.

Financial performance by funding source

(Thousands of United States dollars)

	Regular resources	*Other resources*	*Assessed*	*Elimination*	*2015*	*2014*
Total revenue	138 236	184 774	7 507	(11 529)	318 988	332 888
Total expenses	149 036	168 864	8 603	(11 529)	314 974	270 538
Surplus/(deficit) for the year	**(10 800)**	**15 910**	**(1 096)**	**–**	**4 014**	**62 350**

33. The decrease in voluntary contributions from donors in 2015 of $15.8 million was represented by a decrease in regular resources of $27.6 million and an increase in other resources of $11.8 million. Regular resource contributions disclosed reduced contributions from two major donors and both regular and other resource contributions were affected by the appreciation in the United States dollar against currencies of contribution.

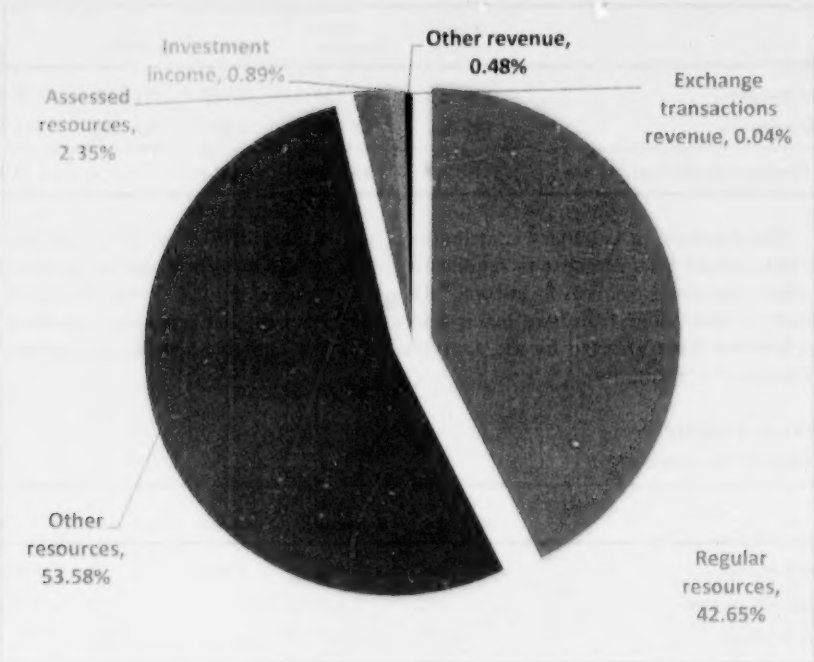
Revenue analysis

(Thousands of United States dollars)

	Regular resources	*Other resources*	*Assessed*	*Elimination*	*2015*	*2014*
Contributions	136 054	170 926	7 505	–	314 485	330 476
Investment income	1 194	1 646	–	–	2 840	1 592
Other revenue	879	12 191	2	(11 529)	1 543	815
Exchange transactions revenue	109	11	–	–	120	5
Total	**138 236**	**184 774**	**7 507**	**(11 529)**	**318 988**	**332 888**

34. The total revenue for 2015 includes revenue received and receivable, in accordance with IPSAS. UN-Women recognizes revenue from non-exchange transactions when written confirmation is received from a donor. Revenue is recognized in the financial statements in the period to which they relate. The matching principle of revenue and expense does not apply for non-exchange transactions.

Figure IV.I
2015 revenue



35. Of the total revenue of $319.9 million (2014: $332.9 million), contributions accounted for $314.5 million (2014: $330.5 million) and comprised:

(a) Voluntary regular resources of $136.1 million, or 42.65 per cent, of all contributions (2014: $163.7 million, or 49.5 per cent), which are unearmarked and fund the operational requirements and projects and programmes of UN-Women;

(b) Voluntary other resources of $170.9 million, or 53.58 per cent (2014: $159.2 million, or 48.2 per cent), which are earmarked for specific programmes and projects;

(c) Assessed resources from the United Nations regular budget of $7.5 million, or 2.35 per cent (2014: $7.7 million, or 2.3 per cent), which fund the normative and intergovernmental work of UN-Women (see figure IV.I).

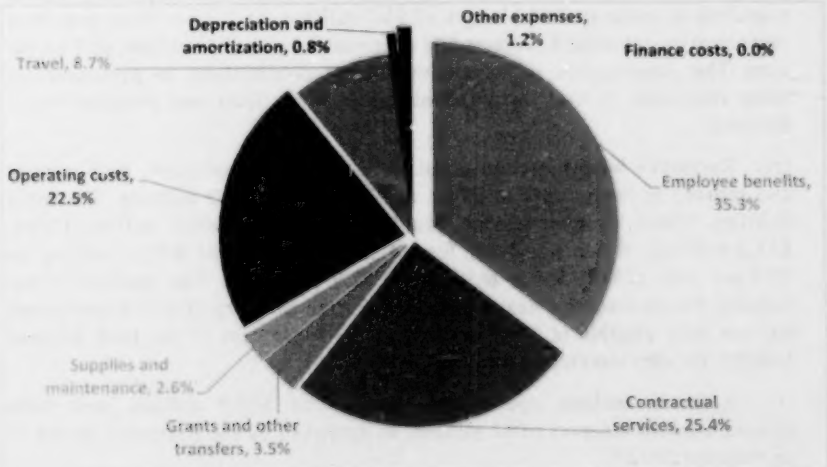
Expenditure analysis

(Thousands of United States dollars)

	Regular resources	*Other resources*	*Assessed*	*Elimination*	*2015*	*2014*
Employee benefits	78 516	24 857	7 737	–	111 110	100 062
Contractual services	19 409	60 309	256	–	79 974	60 646
Grants and other transfers	175	10 844	–	–	11 019	12 589
Supplies and maintenance	1 726	6 397	3	–	8 126	6 001
Operating costs	32 733	49 510	286	(11 529)	71 000	55 596
Travel	11 099	15 906	309	–	27 314	21 374
Depreciation and amortization	1 705	677	3	–	2 385	2 371
Finance costs	34	76	–	–	110	111
Other expenses	3 639	288	9	–	3 936	11 788
Total	**149 036**	**168 864**	**8 603**	**(11 529)**	**314 974**	**270 538**

36. In accordance with IPSAS, the total expenses for 2015, $314.9 million (2014: $270.5 million), represent expenses incurred, both paid and payable. Of the total expenses, regular resources represent $149 million, or 47.3 per cent (2014: $142.6 million, or 52.7 per cent), other resources (after reduction for elimination items) represent $157.3 million, or 50 per cent (2014: $120.6 million, or 44.6 per cent), and assessed expenses represent $8.6 million, or 2.7 per cent (2014: $7.3 million, or 2.7 per cent). The other resource expenses for the year include programme and project delivery during the year from unspent 2014 budgets, as well as current-year budgets (see figure IV.II).

Figure IV.II
2015 expenses



Financial position by funding source

(Thousands of United States dollars)

	Regular resources	*Other resources*	*Assessed*	*31 December 2015*	*31 December 2014*
Total assets	152 795	292 408	3 980	449 181	427 342
Total liabilities	61 240	24 286	5 142	90 669	81 695
Total net assets/equity	**91 554**	**268 120**	**(1 162)**	**358 512**	**345 647**

37. Total net assets/equity by segment (see note 5 to the financial statements) comprise:

(a) Regular resources, the cash required to fund operations for the first few months of the new financial year while UN-Women awaits new voluntary contributions from donor Governments, funds for employee benefits and liabilities;

(b) Other resources, the unspent budgets for earmarked projects and programmes, which will be expensed in future periods in accordance with donor agreements;

(c) Other items in relation to the financial position by segment as at 31 December 2015 include:

(i) Current assets of $287.1 million exceeding current liabilities of $32.5 million by $254.6 million, indicating that the liquidity of UN-Women is very strong (current assets ratio of 8.8:1; 2014: 12.5:1), with regular resources representing $88.9 million and other resources $196.1 million;

(ii) Investments and cash and cash equivalents amounting to $381.4 million (2014: $368.2 million), with cash and short-term investments of $230.9 million for less than 12 months and $150.5 million for long-term investments;

(iii) Accounts receivable or unpaid voluntary contributions agreements and pledges amounting to $13.1 million (2014: $8.3 million), comprising regular resources or unearmarked pledges of $0.3 million, or 2.2 per cent, and other resources for earmarked projects and programmes of $12.1 million, or 92.6 per cent. The consequence of unpaid voluntary contributions, in particular for other resources, is that the implementation of projects and programmes is delayed;

(iv) Employee benefits (contractual obligations to employees, both current and retired) in the amount of $74.5 million (2014: $73.2 million). The main liability relates to after-service health insurance of $46.7 million (2014: $53.2 million), which has been funded in the amount of $35.3 million, or 75.5 per cent (2014: $30.8 million, or 57.9 per cent). The portion of the liability for after-service health insurance for the category of active employees not yet fully eligible is $29.8 million, or 63.8 per cent of the total accrued liability for after-service health insurance;

(v) Reserves include operational reserves of $24.9 million and field accommodation reserves of $1 million, as approved by the Executive Board in its decision 2012/8.

Chapter V

Financial statements for the year ended 31 December 2015

United Nations Entity for Gender Equality and the Empowerment of Women

I. Statement of financial position as at 31 December 2015

(Thousands of United States dollars)

	Reference	*31 December 2015*	*31 December 2014*
Assets			
Current assets			
Cash and cash equivalents	Note 6	41 741	19 226
Investments	Note 7	189 067	168 829
Accounts receivable	Note 8	13 130	8 313
Advances	Note 9	39 354	36 964
Other assets	Note 10	3 715	5 733
Inventories	Note 11	93	208
Total current assets		**287 100**	**239 273**
Non-current assets			
Investments	Note 7	150 543	180 182
Property, plant and equipment	Note 12	11 299	7 886
Intangible assets	Note 13	237	–
Other assets	Note 10	2	1
Total non-current assets		**162 081**	**188 069**
Total assets		**449 181**	**427 342**
Liabilities			
Current liabilities			
Accounts payable	Note 14	10 584	5 830
Employee benefits	Note 15	16 312	10 524
Other liabilities	Note 16	5 624	2 704
Total current liabilities		**32 520**	**19 058**
Non-current liabilities			
Employee benefits	Note 15	58 149	62 637
Total non-current liabilities		**58 149**	**62 637**
Total liabilities		**90 669**	**81 695**
Net assets		**358 512**	**345 647**
Net assets/equity			
Accumulated surplus/(deficit)	Note 17	332 612	320 847
Reserves	Note 18	25 900	24 800
Total net assets/equity		**358 512**	**345 647**

The accompanying notes are an integral part of these financial statements.

United Nations Entity for Gender Equality and the Empowerment of Women

II. Statement of financial performance for the year ended 31 December 2015

(Thousands of United States dollars)

	Reference	*2015*	*2014*
Revenue			
Voluntary contributions	Note 19	306 980	322 823
Assessed contributions	Note 20	7 505	7 652
Investment income	Note 21	2 840	1 592
Other revenue	Note 22	1 543	816
Exchange transactions revenue	Note 23	120	5
Total revenue		**318 988**	**332 888**
Expenses			
Employee benefits	Note 24	111 110	100 062
Contractual services	Note 24	79 974	60 646
Grants and other transfers	Note 24	11 019	12 589
Supplies and maintenance	Note 24	8 126	6 001
Operating costs	Note 24	71 000	55 596
Travel costs	Note 24	27 314	21 374
Depreciation and amortization	Note 24	2 385	2 371
Finance costs	Note 24	110	111
Other expenses	Note 24	3 936	11 788
Total expenses		**314 974**	**270 538**
Surplus/(deficit) for the year		**4 014**	**62 350**

The accompanying notes are an integral part of these financial statements.

United Nations Entity for Gender Equality and the Empowerment of Women

III. Statement of changes in net assets/equity for the year ended 31 December 2015

(Thousands of United States dollars)

	Reference	*2015*	*2014*
Net assets/equity at the beginning of the year		**345 647**	**298 325**
Movement during the year			
Current year surplus/(deficit)		4 014	62 350
Refunds to donors	Note 17	(3 303)	(2 782)
Transfer from accumulated surplus		(1 100)	(2 800)
Transfer to operational reserve	Note 18	1 100	2 800
Actuarial gains/(losses)	Note 17	12 154	(12 246)
Net assets/equity at the end of the year		**358 512**	**345 647**

The accompanying notes are an integral part of these financial statements.

United Nations Entity for Gender Equality and the Empowerment of Women

IV. Statement of cash flow for the year ended 31 December 2015

(Thousands of United States dollars)

	Reference	*2015*	*2014*
Cash flows from operating activities			
Net surplus/(deficit) for the year		4 014	62 350
Non-cash movements:			
Depreciation and amortization	Note 24	2 385	2 371
(Increase)/decrease in accounts receivable		(4 817)	6 756
(Increase)/decrease in other assets		2 017	(2 575)
(Increase)/decrease in inventories		115	(98)
(Increase)/decrease in advances		(2 390)	5 645
Increase/(decrease) in accounts payable		4 754	(17 623)
Increase/(decrease) in employee benefits		1 300	20 556
Increase/(decrease) in other liabilities		2 920	(841)
(Gains)/losses on sale of property, plant and equipment		60	59
Refunds to donors	Note 17	(3 303)	(2 782)
(Increase)/decrease in actuarial loss reserve	Note 17	12 154	(12 246)
Investment income	Note 21	(2 840)	(1 592)
Net cash generated from operating activities		**16 369**	**59 980**
Cash flows from investing activities			
Purchases of property, plant and equipment		(5 840)	(3 084)
Purchases of intangible assets		(272)	–
Proceeds from sales of property, plant and equipment		18	89
Investment income	Note 21	2 840	1 592
(Increase)/decrease in investments		9 400	(94 079)
Net cash generated from investing activities		**6 146**	**(95 482)**
Net (decrease)/increase in cash and cash equivalents		**22 515**	**(35 502)**
Cash and cash equivalent at beginning of year		19 226	54 728
Cash and cash equivalent at end of year	Note 6	**41 741**	**19 226**

The accompanying notes are an integral part of these financial statements.

United Nations Entity for Gender Equality and the Empowerment of Women

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2015

(Thousands of United States dollars)

	2014-2015	*2014*				*2015*				*2014-2015*
	Original budget	*Original budget*	*Final budget*	*Actual amounts on comparable basis (restated)*	*Difference between final budget and actual amounts*	*Original budget*	*Final budget*	*Actual amounts on comparable basis*	*Difference between final budget and actual amounts*	*Difference: Final budget and actual over budget period*
Regular budget activities	15 338	7 664	7 652	6 840	812	7 674	7 668	8 604	(936)	(124)
Development activities:										
Programme	515 200	257 600	212 767	182 451	30 316	257 600	257 569	240 631	16 938	47 254
Institutional budget:										
Development effectiveness	50 766	24 764	25 653	21 323	4 330	26 002	27 052	23 465	3 587	7 917
United Nations coordination	27 347	13 340	13 154	10 435	2 719	14 007	13 667	12 443	1 224	3 943
Management activities:	96 840	47 239	49 077	41 230	7 847	49 601	51 065	45 464	5 601	13 448
Change management	2 000	1 000	1 200	273	927	1 000	1 626	1 088	538	1 465
Total	**707 491**	**351 607**	**309 503**	**262 552**	**46 951**	**355 884**	**358 647**	**331 695**	**26 952**	**73 904**

The accompanying notes are an integral part of these financial statements; see also note 26.

United Nations Entity for Gender Equality and the Empowerment of Women

Notes to the financial statements

Note 1
Reporting entity

The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) was established by the General Assembly in its resolution 64/289 of 2 July 2010 and became operational in January 2011. Grounded in the vision of equality enshrined in the Charter of the United Nations, UN-Women works towards the elimination of discrimination against women and girls; the economic empowerment of women; the achievement of equality between women and men as partners and beneficiaries of development, human rights, humanitarian action and peace and security.

UN-Women is mandated to support intergovernmental bodies, such as the Commission on the Status of Women, in their formulation of policies, global norms and standards. The Entity mobilizes political will and resources to help Member States implement those standards, standing ready to provide suitable technical and financial support to those countries that request it, and to forge successful partnerships with civil society. Furthermore, UN-Women has been assigned the mandate to hold the United Nations system accountable for its own commitment on gender equality through the system-wide action programme.

UN-Women is governed by its Executive Board, which consists of representatives of its Member States. The Executive Board guides the strategic direction and policies of the Entity to ensure that all operational aspects of the activities of UN-Women are executed effectively by the Executive Director and Under-Secretary-General.

UN-Women is headquartered in New York and is expanding its presence at the regional and country levels. The roll-out of the regional architecture, with 6 regional offices, 6 multi-country offices and 47 country offices, is designed to ensure that UN-Women has the presence and field capacity to deliver against its mandate. UN-Women also has programme presence in over 30 countries to pursue its goals of achieving gender equality and the empowerment of women. UN-Women serves the donor community with liaison offices in Brussels and Copenhagen.

Note 2
Significant accounting policies

(a) Basis of preparation and authorization for issue

Authorization for issue

In accordance with financial regulation 12.1 of UN-Women, the Executive Director is responsible for the financial statements of the Entity. The Director, Division of Management and Administration, has certified that, to the best of his knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the financial statements and supporting schedules. The Executive Director authorized for issue these financial statements on 29 April 2016.

Statement of compliance with the International Public Sector Accounting Standards

The financial statements of UN-Women have been prepared on an accrual and going concern basis in accordance with the International Public Sector Accounting Standards (IPSAS). Where an IPSAS pronouncement does not address a particular issue, the appropriate International Financial Reporting Standard has been applied.

Basis of recognition of revenue and expenses

Under the accrual basis of accounting, revenue and expenses (except for non-exchange transactions) are recognized in the financial statements in the period to which they relate.

Revenue

Voluntary contributions are recognized as revenue when written confirmation is received from a donor during the financial year, based on the fair value of the benefit received unless any stipulation defers this recognition. Multi-year agreements are apportioned by calendar year over the period of the agreement and recognized when conditions are met. Cash received relating to future financial years is recognized as deferred income at year-end.

Assessed contributions are issued as an annual allotment from the United Nations regular budget and are assessed and approved for a two-year budget period. The amount of those contributions is then apportioned between the two years and recognized on a monthly basis.

In-kind contributions, except services, that directly support approved operations and activities, which have budgetary impact and can be reliably measured, are recognized at fair value as expense and contribution. Those contributions include use of premises and utilities.

In-kind contributions of services are not recognized, but the estimated cost saving is disclosed.

Donated property, plant and equipment are valued at fair market value and recognized as fixed assets and contribution. The donated right to use an asset is valued at the fair market value of the right to use. The excess of the fair market value of the right to use over any sums actually paid is shown as contribution income together with a matching expense. When transferred assets are received as contributions in-kind and conditions requiring their return upon non-performance are disclosed in the agreements, a liability is initially recognized. When these conditions are satisfied, the revenue is recognized. When restrictions are disclosed in the agreements which do not require their return, the revenue is recognized upon confirmation of contributions.

Revenue from exchange transactions is recognized when it is probable that future economic benefits or service potential will flow to UN-Women and those benefits can be measured reliably. Revenue should be measured at the fair value of the consideration received or receivable. When the consideration is cash or in a monetary amount, measurement shall be at this amount.

Expenses

Expenses are recognized when goods are delivered and services are rendered. Project expenses are recognized once UN-Women receives a financial report from the partner in order to evidence the completion of activities.

Under IPSAS, the matching principle of revenue and expense does not apply for non-exchange transactions. The focus of IPSAS is the financial position, which is evidenced by the recognition of assets when there is sufficient control and of liabilities when the criteria to recognize liabilities exist. As a consequence, the excess of revenue over expenses results in a surplus (or the excess of expenses over revenue results in a deficit), which is carried forward to the accumulated surplus or deficit. Accumulated surplus represents the unexpended portion of contributions to be utilized for future operational requirements of UN-Women.

(b) Foreign currency transactions

The functional and reporting currency of UN-Women is the United States dollar. Where transactions have been made in currencies other than the United States dollar, the amounts are translated into United States dollars at the prevailing United Nations operational rates of exchange at the date of the transaction. Monetary assets and liabilities in currencies other than the United States dollar are translated into the United States dollar at the prevailing United Nations operational rate of exchange in effect at the reporting date. Non-monetary assets and liabilities denominated in a currency other than the United States dollar that are measured at historical cost are translated at the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses, both realized and unrealized, resulting from such transactions are accounted for in the statement of financial performance.

(c) Financial instruments

Financial instruments are recognized when UN-Women becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and UN-Women has transferred substantially all the risks and rewards of ownership.

Financial assets classification

UN-Women classifies financial assets into the following categories: held-to-maturity; available-for-sale; loans and receivables; and fair value through surplus or deficit in the statement of financial performance. The classification depends on the purpose for which the financial assets are acquired, and is determined at initial recognition and re-evaluated at each reporting date. All financial assets are initially measured at fair value. UN-Women initially recognizes loans and receivables on the date that they originated. All other financial assets are recognized initially on the trade date, which is the date UN-Women becomes party to the contractual provisions of the instrument.

Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements, and assets denominated in foreign currency are translated into the United States dollar at the United Nations operational rate prevailing at the reporting date with gains and losses recognized in surplus or deficit in the statement of financial performance.

IPSAS classification	*Type of financial asset*
Held-to-maturity	Investments
Available-for-sale	None as at 31 December 2015
Loans and receivables	Cash and cash equivalents, accounts receivable, advances and other receivables
Fair value through surplus and deficit	None as at 31 December 2015

Held-to-maturity financial assets

Held-to-maturity financial assets are financial assets with fixed or determinable payments and fixed maturities that UN-Women has the positive intention and ability to hold to maturity. They are initially recorded at fair value plus transaction costs and subsequently recognized at amortized cost calculated using the effective interest method. UN-Women classified its investment portfolio as held-to-maturity assets.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets either designated in this category or not classified in any of the other categories. They are initially recorded at fair value plus transaction costs and subsequently reported at fair value with any resultant fair value gains or losses recognized directly in net assets/equity. Interest on available-for-sale financial assets is calculated using the effective interest method. When an available-for-sale financial asset is derecognized, the gain or deficit accumulated in net assets/equity is reclassified to surplus or deficit in the statement of financial performance. Fair values used for subsequent measurement are based on quoted market prices from reputable vendors. As at 31 December 2015, UN-Women had no outstanding balances of financial assets classified in this category.

Loans and receivables

Cash and cash equivalents include cash, short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value, net of impairment for restricted-use currencies. Financial instruments classified as cash equivalents include investments with a maturity of three months or less from the date of acquisition.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus transaction costs and subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the respective financial asset.

Accounts receivable are stated at fair value, comprising nominal value less allowance for estimated irrecoverable amounts. An allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date, that UN-Women will not be able to collect all amounts due according to the original terms of the receivable.

Advances and other receivables are stated at fair value, comprising nominal value less allowance for estimated irrecoverable amounts. Advances represent cash advance payments to partners contracted in the context of programme execution. These advances are recognized at fair value as a receivable. The expense is recognized in the statement of financial performance once UN-Women receives a financial report from the partner to evidence completion of activities. Advances also include payments on behalf of United Nations agencies and staff members are also issued cash advance payments which are recognized at fair value as receivables. The expense is recognized when the advance is liquidated through a claim or repayment of the advance. Other receivables represent prepayments on contracts where goods or services are yet to be delivered or rendered.

(d) Inventories

Inventories held for distribution at no charge are stated at the lower of cost and current replacement cost. As there is no related revenue for inventory distributed, the expense is recognized when the goods are distributed. No-charge publication materials that would be defined as inventory are technical publications that relate directly to the programmatic and normative operations and are under the control of UN-Women. These publications must also have longevity where their content remains relevant and valid for more than a 12-month period to be defined as inventory. Publications produced by partners and held for distribution or used by them are not considered to be under the control of UN-Women and therefore are not inventory. No-charge publication materials and campaign brochures prepared by UN-Women for only advertising and promotional information purposes are not inventory. These items normally do not have longevity and are generally used within a 12-month period, as they are produced for a one-off event or purpose, and therefore the value of any remaining materials on hand at year-end would be significantly depreciated. Accordingly, the cost of publication material and campaign brochures used for advertising and promotional information is recognized as an expense when incurred.

Inventories held for sale are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Cost is determined using the first-in, first-out inventory valuation method. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories acquired through a non-exchange transaction (e.g., donated goods) is measured as their fair value at the date of acquisition. As at 31 December 2015, UN-Women did not have any inventories held for sale and had not acquired any inventory through a non-exchange transaction.

(e) Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and any impairment losses. The capitalization threshold for property, plant and equipment for which UN-Women has control is a total cost of at least $1,000 per unit. Depreciation is provided for property, plant and equipment over the estimated useful life of each asset using the straight-line method, except for land, which is not subject to depreciation. Historic cost includes expenditure directly

attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to UN-Women and the cost can be measured reliably. The estimation of the useful life of the asset is a matter of judgment based on the experience of UN-Women with similar assets. Therefore, the useful life of an asset may be shorter than its economic life. Repair and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

UN-Women is deemed to control an asset if it can use or otherwise benefit from the asset in pursuit of its objectives and if the Entity can exclude or regulate the access of third parties to the asset. This can be the case when UN-Women is implementing a project directly. Project assets that are not controlled by UN-Women are expensed as incurred. Leasehold improvements are recognized as assets, valued at cost and depreciated over the lesser of the remaining useful life of the improvements or the lease term. Impairment reviews are undertaken for all assets at least annually.

The estimated useful life ranges in years for property, plant and equipment classes are set out in the table below.

Class	*Estimated useful life*
Land	Not applicable
Buildings	
Permanent	50
Temporary	10
Furniture and fixtures	8
Communications and information technology equipment	3-6
Vehicles	7
Machinery and equipment	5
Security equipment	5

(f) Intangible assets

Under IPSAS, intangible assets with a finite life are carried at cost less accumulated amortization and any impairment loss. Intangible assets are capitalized provided they have a useful life of more than one year and a cost exceeding $5,000 for externally acquired and a cost exceeding $100,000 for internally generated. Amortization is provided on a straight-line basis on all intangible assets of finite life in accordance with its useful life. Where the intangible asset has an indefinite useful life, it will not be amortized but will be reviewed for impairment by comparing its recoverable service amount with its carrying amount.

Class	*Estimated useful life*
Externally acquired	5
Internally developed	5
Copyrights and patents	3

(g) Leases

Leases where the lessor retains a significant portion of the risks and rewards inherent to ownership are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease. The value of the future lease payments within the current lease term is disclosed in note 28.

Leases where the lessee retains a significant portion of the risks and rewards inherent to ownership are classified as finance leases. UN-Women has not entered into any finance leases.

(h) Employee benefits

UN-Women recognizes the following employee benefits:

(a) Short-term employee benefits, which fall due wholly within 12 months after the end of the accounting period in which employees render the related service;

(b) Long-term employee benefits, which are due to be settled beyond 12 months after the employees render the related service and include:

(i) Post-employment benefits (see Pension and After-Service Health Insurance below);

(ii) Other long-term employee benefits;

(c) Termination benefits.

Short-term employee benefits are measured at their nominal value based on accrued entitlements at current rates of pay. These benefits may include, at year-end, remuneration, accrued annual leave, home leave liability and other short-term benefits.

Post-employment benefits include pension plans, post-employment medical care, repatriation benefits and other lump sums payable after the completion of employment. Post-employment benefit plans are classified as either defined contribution or defined benefit plans.

UN-Women is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by article 3 (b) of the Regulations of the Pension Fund, membership in the Pension Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. UN-Women and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the Entity's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan

with sufficient reliability for accounting purposes. Hence, UN-Women has treated this plan as if it were a defined contribution plan in line with the requirements of International Public Sector Accounting Standard 25. The contributions of UN-Women to the plan during the financial period are recognized as expenses in the statement of financial performance.

The after-service health insurance plan extends subsidized health insurance coverage to retirees and their dependants under the same health insurance schemes as for active staff based on certain eligibility requirements. The after-service health insurance plan is a defined benefit plan.

Other long-term employee benefits are employee benefits that do not fall due wholly within 12 months after the end of the financial period and include long-term compensation in the event of death, injury or illness.

Termination benefits generally include indemnities for voluntary redundancy and are expected to be settled within 12 months of the reporting period.

(i) Financial liabilities

IPSAS classification	*Type of financial liability*
Other financial liabilities	Accounts payable and accruals, other liabilities
Fair value through surplus and deficit	None as at 31 December 2015

Other financial liabilities

Other financial liabilities are initially recognized at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method. Financial liabilities entered into with duration of less than 12 months are recognized at their nominal value.

Payables and accruals arising from the purchase of goods and services are recognized initially at fair value and subsequently measured at amortized cost when goods are delivered or services are rendered and accepted by UN-Women. Liabilities are stated at invoice amounts less payment discounts at the reporting date. The liability is estimated where invoices are not available at the reporting date.

Other liabilities include deferred income, representing funds received in advance for future years from multi-year donor agreements which are apportioned by calendar year over the period of the agreement and recognized when conditions are met. Other payables represent reimbursable services rendered by the United Nations and United Nations agencies.

Fair value through surplus and deficit financial liabilities

Fair value through surplus and deficit financial liabilities are liabilities that are designated on initial recognition or are held for trading. They are initially recorded at fair value, and any transaction costs are expensed. The liabilities are measured at fair value again at each reporting date, and any resultant fair value gains or losses are recognized through surplus and deficit.

UN-Women classifies derivatives as financial liabilities at fair value through surplus and deficit in the statement of financial performance. Derivatives are used to manage foreign exchange risk and are contracted with creditworthy counterparties. These include derivatives embedded in time deposits that permit the instrument to be repaid by counterparties in an alternative currency in exchange for a higher yield. The fair value of derivatives is obtained from counterparties and is compared to internal valuations, which are based on valuation methods and techniques generally recognized as standard in the industry. Liabilities in this category are classified as current liabilities if they are expected to be settled within 12 months of the reporting date. At 31 December 2015, UN-Women had no open foreign exchange derivative instruments positions in this category and did not have any embedded derivatives requiring separate accounting at fair value through surplus or deficit in the statement of financial performance. UN-Women does not apply hedge accounting for derivatives.

(j) Provisions and contingent liabilities

Provisions are made for future liabilities and charges where UN-Women has a present legal or constructive obligation as a result of past events, it is probable that UN-Women shall be required to settle the obligation and a reliable estimate can be made of the obligation.

Other obligations, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence shall be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of UN-Women and the liability can be reliably estimated.

(k) Commitments

Commitments are future expenses to be incurred by UN-Women on contracts entered into by the reporting date and that the Entity has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to UN-Women in a future period, non-cancellable minimum lease payments and other non-cancellable commitments. The value of commitments as at 31 December is not recognized in the statement of financial position but is disclosed in the notes to financial statements. Commitments related to employment contracts are excluded from this disclosure.

Note 3
Change in accounting estimate

UN-Women conducted the annual review of useful lives for the financial year ended 31 December 2014. Based on this review, it was decided that the useful lives for two categories of assets would be amended prospectively from 1 April 2015. The communications and information technology equipment estimated useful life range moved from 3-5 years to 3-6 years, and for vehicles, the range moved from 6 years to 7 years.

The capitalization thresholds for the recognition of intangible assets were lowered retrospectively from 1 January 2015, with externally acquired moving from

$50,000 to $5,000 and internally developed moving from $500,000 to $100,000. That resulted in $0.3 million of externally acquired software being recognized for the financial year ended 31 December 2015.

Note 4
Critical accounting estimates and judgments

The preparation of financial statements in accordance with IPSAS necessarily includes the use of accounting estimates and management assumptions and judgment. The areas where estimates, assumptions or judgment are significant to the financial statements of UN-Women include, but are not limited to, post-employment benefits obligations, provisions, financial risk on accounts receivable and advances, accrued charges, contingent assets and liabilities, and degree of impairment of accounts receivable, advances, investments and property, plant and equipment. Actual results could differ from those estimates. Changes in estimates are recognized in the period in which they became known.

Note 5
Segment reporting

Segment reporting is required to evaluate an entity's past performance and to make decisions about an entity's future allocation of resources. UN-Women reports the following segments:

(a) The regular resources segment reflects the operations of voluntarily donated funds to UN-Women to be used to achieve the mandate of UN-Women at the discretion of the Executive Director of UN-Women;

(b) The other resources segment represents earmarked voluntarily donated funds to UN-Women for specific projects;

(c) The assessed resources segment represents sums assessed on Member States and transferred to UN-Women by the General Assembly.

Inter-segment transactions are disclosed in the segment reporting but eliminated in the statement of financial position and statement of financial performance.

Statement of financial position by segment as at 31 December 2015

(Thousands of United States dollars)

	2015				
	Regular resources	*Other resources*	*Assessed resources*	*Total*	*31 December 2014*
Assets					
Current assets					
Cash and cash equivalents	15 480	25 742	519	41 741	19 226
Investments	66 197	122 015	855	189 067	168 829
Accounts receivable	283	12 154	693	13 130	8 313
Advances	5 283	34 049	22	39 354	36 964
Other assets	1 622	2 093	–	3 715	5 733
Inventories	93	–	–	93	208
Non-current assets					
Investments	55 832	92 840	1 871	150 543	180 182
Property, plant and equipment	7 766	3 513	20	11 299	7 886
Other assets	2	–	–	2	1
Intangible assets	237	–	–	237	–
Total assets	**152 795**	**292 406**	**3 980**	**449 181**	**427 342**
Liabilities					
Current liabilities					
Accounts payable	7 160	3 422	2	10 584	5 830
Employee benefits	11 139	4 048	1 125	16 312	10 524
Other liabilities	3 238	2 386	–	5 624	2 704
Non-current liabilities					
Employee benefits	39 704	14 430	4 015	58 149	62 637
Total liabilities	**61 240**	**24 286**	**5 142**	**90 669**	**81 695**
Net assets	**91 554**	**268 120**	**(1 162)**	**358 512**	**345 647**
Net assets/equity					
Accumulated surplus/(deficit)	78 975	243 033	792	322 800	264 332
Current year surplus/(deficit)	(10 800)	15 910	(1 096)	4 014	62 350
Operational reserves	24 900	–	–	24 900	23 800
Field accommodation reserve	1 000	–	–	1 000	1 000
Actuarial gains/(losses)	(3 713)	–	–	(3 713)	(15 867)
IPSAS reserve	1 192	12 480	(858)	12 814	12 814
Refunds to donors	–	(3 303)	–	(3 303)	(2 782)
Total net assets/equity	**91 554**	**268 120**	**(1 162)**	**358 512**	**345 647**

Total net assets/equity in accordance with the statement of financial position by segment includes:

(a) Regular resources: the cash required to fund operations for the first few months of the new financial year while UN-Women waits for new voluntary contributions from donor Governments;

(b) Other resources: the unspent budgets for earmarked projects and programmes which will be expensed in future periods in accordance with donor agreements.

Statement of financial performance by segment for the year ended 31 December 2015

(Thousands of United States dollars)

	2015					
	Regular resources	*Other resources*	*Assessed resources*	*Elimination*	*Total*	*2014*
Revenue						
Contributions	136 054	170 926	7 505	–	314 485	330 476
Investment income	1 194	1 646	–	–	2 840	1 592
Other revenue	879	12 191	2	(11 529)	1 543	815
Exchange transactions revenue	109	11	–	–	120	5
Total revenue	**138 236**	**184 774**	**7 507**	**(11 529)**	**318 988**	**332 888**
Expenses						
Employee benefits	78 516	24 857	7 737	–	111 110	100 062
Contractual services	19 409	60 309	256	–	79 974	60 646
Grants and other transfers	175	10 844	–	–	11 019	12 589
Supplies and maintenance	1 726	6 397	3	–	8 126	6 001
Operating costs	32 733	49 510	286	(11 529)	71 000	55 596
Travel costs	11 099	15 906	309		27 314	21 374
Depreciation and amortization	1 705	677	3	–	2 385	2 371
Finance costs	34	76	0	–	110	111
Other expenses	3 639	288	9	–	3 936	11 788
Total expenses	**149 036**	**168 864**	**8 603**	**(11 529)**	**314 974**	**270 538**
Surplus/(deficit) for the period	**(10 800)**	**15 910**	**(1 096)**	**–**	**4 014**	**62 350**

The elimination items represent the indirect costs charged by UN-Women in relation to the management of other resources and are based on the rate of recovery of 8 per cent established by the Executive Board of UN-Women in its decision 2013/2 of 8 February 2013, with effect from 1 January 2014 (7 per cent in prior years). These indirect costs charged have been recognized during the year as an increase in support cost income, and at year-end those amounts comprised the elimination items.

Note 6
Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2013	*31 December 2014*
Cash in bank accounts	1 439	3 516
Petty cash	31	23
Money market, term deposits and commercial paper	40 271	15 687
Total	**41 741**	**19 226**

Cash and cash equivalents comprise balances held by field offices, money market account balances, term deposits and commercial paper with terms of less than three months. Cash required for immediate disbursement is maintained in cash and bank accounts. Money market and deposit accounts are available at short notice. Cash and cash equivalents relates to both regular resources and other resources.

Note 7
Investments

(Thousands of United States dollars)

	Closing balance 31 December 2014	*Purchases*	*Maturities*	*Amortization*	*Unrealized gains losses*	*Reclassification non-current to current*	*Closing balance 31 December 2015*	*Fair value*
Current investments								
Money market instruments	40 000	110 000	(150 000)	–	–	–	–	–
Bonds and notes	128 829	81 675	(128 188)	(1 529)	–	108 280	189 067	188 828
Subtotal	**168 829**	**191 675**	**(278 188)**	**(1 529)**	**–**	**108 280**	**189 067**	**188 828**
Non-current investments								
Bonds and notes	180 182	86 798	(5 996)	(2 161)	–	(108 280)	150 543	150 208
Subtotal	**180 182**	**86 798**	**(5 996)**	**(2 161)**	**–**	**(108 280)**	**150 543**	**150 208**
Total investments	**349 011**	**278 473**	**(284 184)**	**(3 690)**	**–**	**–**	**339 610**	**339 036**

Held-to-maturity financial assets are carried at amortized cost calculated by using the effective interest method. As at 31 December 2015, the fair value of those assets was lower than the book value by $0.6 million. Fair values are based on quoted market prices from reputable vendors. UN-Women had no impaired investments during the year. The average yield on investments for 2015 was 0.67 per cent (2014: 0.52 per cent).

The exposure of UN-Women to credit risk, market risk and currency risks, and its risk management activities related to financial assets, including investments, are discussed in note 25.

The Entity's investments include funding for after-service health insurance, repatriation and death benefits in the amount of $38.5 million, in accordance with note 14, operational reserve, in the amount of $24.9 million, and field accommodation reserve, in the amount of $1 million, in accordance with note 18. Investments relates to both regular resources and other resources.

Note 8
Accounts receivable

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Contributions receivable	13 216	8 536
Less: allowance for impairment of receivables	(86)	(223)
Total accounts receivable	**13 130**	**8 313**

Contributions receivable represents uncollected revenue committed to UN-Women by donors. The allowance for impairment on receivables is calculated based on an aged analysis of the outstanding balance.

Note 9
Advances

(Thousands of United States dollars)

		31 December 2015		*31 December 2014*
Advances provided to United Nations agencies		4 757		4 705
Advances provided to other partners		33 693		36 712
Shown by fund type				
Regular resources (unearmarked)	3 791		3 356	
Other resources (earmarked)				
Cost-sharing	15 969		15 444	
Trust Fund to End Violence against Women	10 065		10 896	
Fund for Gender Equality	3 868		7 016	
Less: Allowance for impairment of advances to partners		(833)		(5 990)
Subtotal		**37 617**		**35 427**
Advances to staff		1 737		1 537
Total advances		**39 354**		**36 964**

Advances from non-exchange transactions relates to transfers made to partners in connection with programme execution, and to staff. Such advances are recognized as an asset and are stated at historical cost less an allowance for impairment.

Advances to partners are reduced and expenses are recognized when certified expense reports are received from partners. As at 31 December 2015, approximately 93 per cent of the total outstanding advances provided to partners are aged less than 12 months and relate to implementation of programmatic activities for 2015.

Advances to staff include salary and rental advances and prepaid education grants, which are generally settled within a 12-month period.

Note 10
Other assets

(Thousands of United States dollars)

	31 December 2013	*31 December 2014*
Current assets		
Interest receivable and accrued interest	2 229	1 955
Prepaid expenses	2	30
Receivable from United Nations agencies		
United Nations Development Programme	–	1 429
United Nations Population Fund	–	39
Miscellaneous accounts receivable	1 484	2 280
Subtotal	**3 715**	**5 733**
Non-current assets		
Security deposit	2	1
Subtotal	**2**	**1**
Total other assets	**3 717**	**5 734**

Miscellaneous accounts receivable includes value added tax/sales tax, rental reimbursement due from the United Nations, security deposit on rental premises and expenditure paid in advance.

Note 11
Inventories

(Thousands of United States dollars)

	31 December 2013	*31 December 2014*
No-charge technical publications	93	208
Total inventories	**93**	**208**

Note 12
Property, plant and equipment

(Thousands of United States dollars)

	Building	*Communication and information technology equipment*	*Furniture and fixtures*	*Vehicles*	*Heavy machinery equipment*	*Security equipment*	*Leasehold improvements*	*Total*
At 31 December 2014								
Cost	218	6 219	889	5 573	880	397	1 345	15 521
Accumulated depreciation	(89)	(3 487)	(277)	(3 066)	(380)	(189)	(147)	(7 635)
Net book value	**129**	**2 732**	**612**	**2 507**	**500**	**208**	**1 198**	**7 886**
Movements year to 31 December 2015								
Additions	1 423	1 771	64	1 540	347	129	380	5 654
Receipt accrual	–	11	–	52	(74)	–	2	(9)
Cost adjustments	–	(36)	–	3	(2)	(6)	239	198
Transfers	(9)	(32)	(5)	–	–	17	29	–
Retirements	–	(511)	–	(197)	(64)	(25)	–	(797)
Retirements — accumulated depreciation	–	479	–	182	42	17	–	720
Depreciation	(89)	(936)	(115)	(708)	(172)	(78)	(255)	(2 353)
Closing net book value as at 31 December 2015	**1 454**	**3 478**	**556**	**3 379**	**577**	**262**	**1 593**	**11 299**
At 31 December 2015								
Cost	1 632	7 423	948	6 971	1 087	511	1 995	20 568
Accumulated depreciation	(178)	(3 945)	(392)	(3 592)	(510)	(249)	(402)	(9 269)
Net book value	**1 454**	**3 478**	**556**	**3 379**	**577**	**262**	**1 593**	**11 299**

Assets are reviewed annually to determine if there is any impairment in their value, and as at 31 December 2015, UN-Women did not have any impairment on property, plant and equipment. UN-Women holds fully depreciated property, plant and equipment which is still in use, with a cost of $1.9 million as at 31 December 2015.

Note 13
Intangible assets

(Thousands of United States dollars)

	Externally acquired software	*Total*
Movements year to 31 December 2015		
Additions	272	272
Cost adjustments	(3)	(3)
Amortization	(32)	(32)
Closing net book value as at 31 December 2015	**237**	**237**
At 31 December 2015		
Cost	269	269
Accumulated amortization	(32)	(32)
Net book value	**237**	**237**

Note 14
Accounts payable

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Payables to third parties	4 817	3 303
Payables to United Nations agencies		
United Nations Development Programme	3 184	–
United Nations Office for Project Services	172	155
United Nations Capital Development Fund	4	2
United Nations Population Fund	71	–
Accruals	2 336	2 370
Total accounts payable	**10 584**	**5 830**

Payables to third parties are related to amounts due for goods and services for which invoices have been received. Payables to United Nations agencies represent expenditure incurred on behalf of UN-Women which are settled in the following year.

Accruals represents estimates for the value of goods or services received, for which invoices have not yet been received and for which the liability has occurred and can be reasonably estimated.

Note 15
Employee benefits

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Current employee benefits		
Accrued annual leave	7 480	5 966
Accrued home leave	1 363	1 192
After-service health insurance	315	268
Repatriation benefits	1 164	849
Death benefit	20	15
Other employee benefits	5 970	2 234
Subtotal	**16 312**	**10 524**
Non-current employee benefits		
After-service health insurance	46 376	52 936
Repatriation benefits	11 564	9 532
Death benefit	209	169
Subtotal	**58 149**	**62 637**
Total employee benefits	**74 461**	**73 161**

(a) Current employee benefits

The current portion of employee benefits includes annual leave and home leave calculated in accordance with United Nations Staff Rules and Regulations, and other employee benefits representing accruals for learning and security costs. Also included are the current portions of accrued after-service health insurance, repatriation benefits and death benefits, as determined by actuarial valuation.

(b) Non-current employee benefits

The non-current portion of employee benefits includes the non-current portions of after-service health insurance, repatriation benefits and death benefits, as determined by actuarial valuation.

Actuarial valuations

The actuarial valuation for after-service health insurance, repatriation benefits and death benefits was prepared for the purpose of providing results for financial disclosure and reporting as at 31 December 2015 in accordance with IPSAS 25: Employee benefits.

After-service health insurance

UN-Women provides end-of-service medical benefits for its eligible former staff members and their dependants in the form of insurance premiums for the medical and accident insurance plan. Eligible former staff members are 55 years of age and older and have 5 or more years of service for staff hired before 1 July 2007,

or 10 or more years of service for staff hired on or after 1 July 2007 of contributory health insurance coverage prior to retirement.

The non-current portion of after-service health insurance of $46.4 million includes an obligation for active staff — not yet fully eligible amounts to $29.8 million, which represents active employees who are not yet eligible as of the valuation date and are determined assuming that some portion of each employee group will leave UN-Women prior to meeting the age and service requirements.

The plan is funded to the amount of $35.3 million as at 31 December 2015, and a funding plan for providing 8 per cent commenced from 1 January 2014. The assets held to support the plan are included in the pool of investments of UN-Women (see note 7). Commencing May 2016, those funds will be separately invested in an after-service health insurance investment account by external fund managers and UN-Women has appointed UNDP as its investment manager.

The present value of the defined benefit obligations for post-employment medical insurance is determined using the projected unit credit method, including discounting the estimated future cash outflows.

Repatriation benefits

UN-Women provides end-of-service repatriation benefits (grant and travel and shipment of personal effects) for its eligible staff members and their dependants upon separation. Eligible staff are international appointments who have been separated from active service after qualifying service of one year or longer, who resided at the last duty station outside their country of nationality and have not been summarily dismissed or separated from service on grounds of abandonment of post.

The non-current portion of repatriation benefits of $11.6 million includes an obligation for active staff — not yet fully eligible amounts to $10.7 million, which represents active employees who are not yet eligible as of the valuation date and which is determined assuming that some portion of each employee group will leave UN-Women prior to meeting the age and service requirements.

The plan is funded to the amount of $2.9 million as at 31 December 2015, and a funding plan for providing 3.75 per cent commenced from 1 January 2014. The assets held to support the plan are included in the pool of investments of UN-Women (see note 7).

Death benefits

Death benefit is a post-employment defined-benefit plan. The obligation to provide this entitlement is generated when eligible employees report for service. The payment is made upon the death of an employee who leaves behind a surviving spouse or a dependent child. Staff members on full-time continuous service, on fixed-term, or continuing or permanent appointment are eligible to receive death benefits provided that the staff members are married or have dependent children at their death. No benefit is payable in the case of staff members who are unmarried and/or without recognized dependent children. The plan is fully funded to the amount of $0.2 million as at 31 December 2015.

The movement in the present value of the defined benefit in accordance with the actuarial valuation was as follows:

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Death benefit*
Restated net defined benefit obligation at the beginning of the year	**53 204**	**10 382**	**184**
Increase of the obligation			
Service cost	5 394	1 282	27
Interest on obligation	2 155	354	6
Actuarial loss/(gain)	(13 783)	1 589	28
Decrease of the obligation			
Benefit payments	(279)	(880)	(16)
Net recognized liability at the end of the year	**46 691**	**12 727**	**229**

The annual expense amounts recognized in the statement of financial performance are as follows:

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*
Service cost	5 394	1 282
Interest on obligation	2 155	354
Total expenses recognized	**7 549**	**1 636**

Actuarial assumptions

The end-of-service liabilities were valued with the Citigroup Pension Discount Curve. Actuarial valuations were performed using the full discount curves, and once the results were obtained, single equivalent discount rates per scheme were determined for disclosure purposes. The single equivalent discount rates determined for each scheme are: after-service health insurance 4.51 per cent; repatriation grant 3.86 per cent; and death benefits 3.60 per cent. A review was conducted by the actuary of a number of sources and the long-term rate of inflation assumption was based on 2.25 per cent. Other actuarial assumptions were:

Health-care cost trend rates (varies by medical plan)	4-6.4%
Salary increase rate (varies by age and staff category)	4-9.8%
Per capita claim cost (varies by age)	$989-$14 492

Benefits under the after-service health insurance plans are attributed in proportion to the years of service from date of hire until full eligibility date, in

accordance with the straight-line basis method. Repatriation benefits are attributed based on the benefit formula. Benefits under the death benefit plan are attributed in proportion to the years of service from the date of hire until full eligibility date, in accordance with the straight-line basis method.

Assumptions regarding future mortality are based on published statistics and mortality tables. The current rates of death underlying the values of the liabilities in the after-service health insurance and repatriation calculations are as follows:

Rates of death — Pre-retirement	*At age 20*	*At age 69*
Male	0.00065	0.00906
Female	0.00034	0.00645

Rates of death — Post-retirement	*At age 20*	*At age 70*
Male	0.00072	0.01176
Female	0.00037	0.00860

Rate of retirement — Professionals with 30 or more years of experience	*At age 55*	*At age 70*
Male	0.16	1.00
Female	0.20	1.00

If the assumptions described above were to change, in accordance with the actuarial report, this would have an impact on the measurement of defined benefit obligations and current service and interest costs as shown in the table below.

(Thousands of United States dollars)

	Change	*After-service health insurance*	*Repatriation benefits*	*Death benefits*
Impact of change in assumptions		**46 691**	**12 727**	**229**
Discount rate sensitivity to end-of-year liability				
Increase of discount rate by	1%	(9 966)	(1 326)	(18)
As a percentage of end-of-year liability		-21%	-10%	-8%
Decrease of discount rate by	(1%)	13 080	1 526	20
As a percentage of end-of-year liability		28%	12%	9%
Effect of change in assumed health-care cost trend rates				
Effect on year-end accumulated post-employment benefit obligation				
Increase of health-care cost trend rate by	1%	13 539	Not applicable	Not applicable
Decrease of health-care cost trend rate by	(1%)	(10 011)	Not applicable	Not applicable
Effect on combined service and interest cost components on net				
Increase of health-care cost trend rate by	1%	2 119	Not applicable	Not applicable
Decrease of health-care cost trend rate by	(1%)	(1 523)	Not applicable	Not applicable

The best estimate of contributions expected by UN-Women to be paid for the next 12 months for after-service health insurance is $0.3 million, and for repatriation benefits, $1.2 million.

United Nations Joint Staff Pension Fund

The Regulations of the Pension Fund state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

The financial obligation of UN-Women to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The actuarial valuation performed as at 31 December 2013 revealed an actuarial deficit of 0.72 per cent (1.87 per cent in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as at 31 December 2013 was 24.42 per cent of pensionable remuneration, compared to the actual contribution rate of 23.7 per cent. The next actuarial valuation will be conducted as at 31 December 2015.

At 31 December 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.5 per cent (130 per cent in the 2011 valuation). The funded ratio was 91.2 per cent (86.2 per cent in the 2011 valuation) when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2013, for deficiency payments under article 26 of the Regulations of the Pension Fund, as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of article 26.

In December 2012 and April 2013 the General Assembly authorized an increase to age 65 in the normal retirement age and in the mandatory age of separation, respectively, for new participants in the Fund, with effect not later than from 1 January 2014. The related change to the Regulations of the Pension Fund was approved by the Assembly in December 2013. The increase in the normal retirement age is reflected in the actuarial valuation of the Pension Fund as at 31 December 2013.

During 2015, UN-Women's contributions paid to the Pension Fund amounted to $13.1 million (in 2014, $11.7 million).

The United Nations Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board on the audit every year. The Pension Fund publishes quarterly reports on its investments, which can be viewed by visiting the Pension Fund at www.unjspf.org.

(c) Future changes to employee benefits

The General Assembly adopted resolution 70/244 on 23 December 2015, deciding on a series of changes to the conditions of service and future entitlements for all staff serving in the United Nations common system, including UN-Women. The significant changes include: (a) raising the mandatory age of separation for staff recruited before 1 January 2014 to 65 years, to be implemented by 1 January 2018, taking into account the acquired rights of staff; (b) a revised base/floor scale of gross and net salaries for staff in the Professional and higher categories with effect from 1 January 2016; and (c) proposals on the United Nations common system compensation package with effect from 1 July 2016. While these decisions do not have an impact on the 2015 financial statements, the implementation of those decisions will be reflected in the 2016 actuarial valuation of employee benefit liabilities.

Note 16
Other liabilities

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Deferred income	2 781	1 627
Other payables	2 843	1 077
Other current liabilities	**5 624**	**2 704**

Deferred income represents funds received in advance for future years from multi-year donor agreements, which are apportioned by calendar year over the period of the agreement and recognized when conditions are met.

Other payables represent funds held on behalf of donors pending conditions of allocation or payment, reimbursable services rendered by the United Nations and United Nations agencies and other accruals and liabilities.

Note 17
Accumulated surplus or deficit

The movement in the accumulated surplus or deficit during the year is shown below.

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Accumulated surplus/(deficit) at the beginning of the year	**320 847**	**276 325**
Current-year surplus/(deficit)	4 014	62 350
Transfer to operational reserve	(1 100)	(2 800)
Refunds to donors	(3 303)	(2 782)
Actuarial gain/(loss)	12 154	(12 246)
Accumulated surplus/(deficit) at the end of the year	**332 612**	**320 847**

(a) IPSAS reserve

The accumulated surplus includes a balance of $12.8 million relating to IPSAS reserves. There were no adjustments to the IPSAS reserves during the year.

(b) Refunds to donors

Refunds to donors represents funds returned to donors in accordance with agreements after the completion of activities for projects and programmes. In 2015, refunds to donors included $0.8 million to the Government of Spain relating to other resources which were converted into regular resources contribution in the same year.

(c) Actuarial gains or losses

Actuarial losses relating to after-service health insurance and repatriation benefit obligations in the amount of $12.2 million are accounted for using the "reserve recognition" approach and are recognized through net assets in the statement of financial position and in the statement of changes in net assets in the year in which they occur (see note 15).

Note 18
Reserves

The movement in the reserves during the year is shown below.

(Thousands of United States dollars)

	31 December 2014	*Movements*	*31 December 2015*
Operational reserve	23 800	1 100	24 900
Field accommodation reserve	1 000	–	1 000
Total reserves	**24 800**	**1 100**	**25 900**

(a) Operational reserve

UN-Women maintains an operational reserve of $24.9 million, the purpose of which is to guarantee the financial viability and integrity of the agency. The reserve is fully funded and held in irrevocable and promptly available liquid assets which are included in the pool of investments of UN-Women. The elements to be

compensated for and covered by it shall be limited to downward fluctuations or shortfalls in resources: uneven cash flows; increases in actual costs as compared to planning estimates or fluctuations in delivery; and other contingencies that result in a loss of resources for which UN-Women has made commitments for programming. The operational reserve was increased in 2015 by $1.1 million, in accordance with Executive Board decision 2012/8 of 30 November 2012.

(b) Field accommodation reserve

A reserve for field office accommodation, of $1 million, was established in accordance with Executive Board decision 2012/8. With the establishment of regional offices and the ongoing potential for increased participation in United Nations common premises, UN-Women may incur additional costs to finance its share. UN-Women can make drawdowns from the reserve which will be replenished from the accumulated surplus on an annual basis. During 2015, a drawdown and replenishment was made from/to this reserve.

Note 19
Voluntary contributions

(Thousands of United States dollars)

	2015	*2014*
Contributions	305 895	321 676
Contributions in-kind	1 085	1 147
Total voluntary contributions	**306 980**	**322 823**

In-kind contributions representing rent provided by Governments and United Nations agencies amounted to $1.1 million. In-kind services provided to UN-Women during the year amounted to $1.7 million and are not recorded as income in these financial statements, in accordance with the accounting policies of UN-Women.

Note 20
Assessed contributions

(Thousands of United States dollars)

	2015	*2014*
Assessed contributions	7 505	7 652
Total assessed contributions	**7 505**	**7 652**

Assessed contributions are issued as an annual allotment from the United Nations regular budget.

Note 21
Investment income

(Thousands of United States dollars)

	2015	2014
Interest income	6 533	5 439
Amortization on investments	(3 693)	(3 847)
Total investment income	**2 840**	**1 592**

Amortization on investments relates to the net bond income balance from amortizing of premiums (debit) and discounts (credit). These premiums and discounts are part of the initial purchase price of bonds and, in observance of accrual accounting principle, are amortized to maturity or call. A debit has resulted because the average bond portfolio during 2015 was overwhelmingly composed of premium bonds.

Note 22
Other revenue

(Thousands of United States dollars)

	2015	2014
Currency exchange gains	1 365	484
Miscellaneous income	178	248
Fees and support services	11 529	10 382
Less elimination	(11 529)	(10 298)
Total other revenue	**1 543**	**816**

The elimination items represent the indirect costs charged by UN-Women in relation to the management of other resources and are based on the rate of recovery of 8 per cent established by the UN-Women Executive Board in its decision 2013/2, with effect from 1 January 2014 (see note 5).

Note 23
Exchange transactions revenue

(Thousands of United States dollars)

	2015	2014
Exchange transactions revenue	120	5
Total exchange transactions revenue	**120**	**5**

Revenue from exchange transactions represents the delivery of products and training for gender equality courses, to other United Nations entities, Governments, civil society organizations and the general public.

Note 24
Expenses

(Thousands of United States dollars)

	2015	2014
Employee benefits		
Salary and wages	74 697	68 028
Pension benefits	13 170	11 733
Post-employment and termination benefits	10 193	7 536
Leave benefits	2 789	1 855
Other employee benefits	10 255	10 904
Related agency costs	6	6
Subtotal	**111 110**	**100 062**
Contractual services		
Contract services with individuals	52 816	44 118
Contract services with companies	25 879	15 809
United Nations Volunteers costs	1 279	719
Subtotal	**79 974**	**60 646**
Grants and other transfers		
Grants	11 019	12 589
Subtotal	**11 019**	**12 589**
Supplies and maintenance		
Maintenance and non-capitalized property	5 131	3 112
Maintenance and non-capitalized information technology and communications equipment	137	932
Maintenance and non-capitalized software and licences	1 163	1 020
Consumables	1 695	937
Subtotal	**8 126**	**6 001**
Operating costs		
Communication costs	15 015	10 736
Learning and recruitment costs	23 863	16 971
Support services paid to United Nations agencies	8 570	6 912
Insurance/warranties	140	158
Rent, leases, utilities	15 587	14 931
Professional services	1 652	1 232
Freight costs	115	149
Other operating costs	4 655	3 602
General management costs	1 403	905
Subtotal	**71 000**	**55 596**

	2015	2014
Travel costs		
Tickets	11 984	9 105
Daily subsistence allowance	12 452	9 995
Other	2 878	2 274
Subtotal	**27 314**	**21 374**
Depreciation and amortization	**2 385**	**2 371**
Finance costs		
Bank charges	110	111
Subtotal	**110**	**111**
Other expenses		
Stationery and other project expenses	5 376	4 021
Currency exchange losses	3 426	5 362
Losses on property, plant and equipment	60	59
Impairment and prior and current period write-offs	(4 926)	2 346
Subtotal	**3 936**	**11 788**
Total expenses	**314 974**	**270 538**

Allowance for impairment of advances to partners under "other expenses" is a negative balance in 2015 owing to the reduction in the allowance for 2014.

Note 25
Financial risks

The investment activities of UN-Women are carried out by UNDP under a service-level agreement. Under the terms of the agreement, UNDP applies its investment guidelines and governance framework for the benefit of UN-Women. Investments are registered in the name of UN-Women with marketable securities held by a custodian appointed by UNDP.

The principal objectives of the investment guidelines (listed in order of importance) are:

(a) Safety — preservation of capital, provided through investing in high quality fixed-income securities emphasizing the creditworthiness of the issuers;

(b) Liquidity — flexibility to meet cash requirements through investments in highly marketable fixed-income securities and through structuring maturities to align with liquidity requirements;

(c) Income — maximization of investment revenue within the foregoing safety and liquidity parameters.

The UNDP investment committee, comprising senior management, meets quarterly to review investment portfolio performance and ensure that investment decisions have complied with the established investment guidelines. UN-Women receives a detailed monthly and quarterly investment performance report from

UNDP which shows the composition and performance of the investment portfolio. The Director of Management and Administration and Chiefs of Accounts and Budget meet with the UNDP Treasury each quarter to review the investment portfolio performance of UN-Women and provide updated cash flow projections.

UN-Women is susceptible to a variety of financial risks arising from financial instruments to which the Organization is exposed, including:

(a) Credit risk — the possibility that third parties may not pay amounts when due;

(b) Liquidity risk — the likelihood that UN-Women might not have adequate funds to meet its current obligations as they fall due;

(c) Market risk — the possibility that UN-Women might incur significant financial losses owing to unfavourable movements in foreign currency exchange rates, interest rates and prices of investment securities.

The tables below show the value of financial assets outstanding at year-end based on the IPSAS classifications adopted by UN-Women.

(Thousands of United States dollars)

	Held to maturity	*Available for sale*	*Loans and receivables*	*Fair value through surplus or deficit*	*31 December 2015*	*31 December 2014*
Cash and cash equivalents	–	–	41 741	–	41 741	19 226
Investments	339 610	–	–	–	339 610	349 011
Accounts receivable	–	–	13 130	–	13 130	8 313
Advances	–	–	39 354	–	39 354	36 964
Other assets	–	–	3 715	–	3 715	5 734
Total financial assets	**339 610**	**–**	**97 940**	**–**	**437 550**	**419 248**

Held-to-maturity financial assets are carried at amortized cost and as at 31 December 2015, the market value of those assets was lower than book value by $0.6 million. The carrying values for loans and receivables are a reasonable approximation of their fair value. As at 31 December 2015, UN-Women had no outstanding balances of financial assets classified as available for sale or fair value through surplus and deficit.

The tables below show the value of financial liabilities outstanding at year-end based on the IPSAS classifications adopted by UN-Women.

(Thousands of United States dollars)

	Other financial liabilities	*Fair value through surplus or deficit*	*31 December 2015*	*31 December 2014*
Accounts payable	10 584	–	10 584	5 830
Other liabilities	5 624	–	5 624	2 704
Total financial liabilities	**16 208**	**–**	**16 208**	**8 534**

As at 31 December 2015, UN-Women had no outstanding financial liabilities recorded at fair value through surplus and deficit. The carrying value of other financial liabilities is a reasonable approximation of their fair value.

Credit risk

UN-Women is exposed to credit risk on its outstanding financial asset balances, primarily cash and cash equivalents, investments, receivables from contributions, advances and other receivables.

UN-Women operates bank accounts in five currencies and in four countries, the United States of America, the United Kingdom of Great Britain and Northern Ireland, Sweden and Norway. For other currencies, UN-Women uses the bank accounts of UNDP and relies upon the risk management processes of UNDP. UN-Women is exposed to default risk of those financial institutions.

With regard to its financial instruments, the UNDP investment guidelines limit the amount of credit exposure to any one counterparty and include minimum credit quality requirements. The credit risk mitigation strategies stated in the investment guidelines include conservative minimum credit criteria of investment grade for all issuers with maturity and counterparty limits by credit rating. The investment guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible investments are limited to fixed income instruments of sovereigns, supranationals, governmental or federal agencies, and banks. Investment activities are carried out by UNDP and UN-Women offices are not authorized to perform investment activities.

Credit ratings from the three leading credit rating agencies, Moody's, Standard & Poor's and Fitch, are used to evaluate credit risk of financial instruments. As at 31 December 2015, the financial investments of UN-Women were in investment grade instruments, as shown in the table below (presented using Standard & Poor's rating convention).

(Thousands of United States dollars)

31 December 2015	*AAA*	*AA+*	*AA-*	*A+*	*A*	*Total*
Bonds	158 883	88 919	38 650	43 166	9 992	339 610
Total	**158 883**	**88 919**	**38 650**	**43 166**	**9 992**	**339 610**

31 December 2014	*AAA*	*AA+*	*AA-*	*A+*	*A*	*Total*
Term deposit	–	–	40 000	–	–	40 000
Bonds	149 450	62 731	30 703	54 139	11 988	309 011
Total	**149 450**	**62 731**	**70 703**	**54 139**	**11 988**	**349 011**

For other resources, the Financial Regulations and Rules of UN-Women require that expenditure be incurred only after receipt of funds from the donor, thereby considerably reducing the financial risk to the organization with regard to contributions receivable.

Liquidity risk

Liquidity risk is the risk that UN-Women will encounter difficulty in meeting its obligations associated with accounts payable, other liabilities and promised transfers of cash to programmes. UN-Women does not have significant liquidity risks, as its operations and investments are managed in accordance with its budget and with due consideration of cash requirements for operating purposes.

Investments are made with due consideration to cash requirements for operating purposes based on cash flow forecasting. The investment approach considers the timing of future funding needs of the organization when selecting investment maturities. UN-Women maintains a portion of its cash and investments in cash and cash equivalents (11 per cent) and current investments (50 per cent) sufficient to cover its commitments as and when they fall due, as shown in the table below and in notes 6 and 7.

(Thousands of United States dollars)

	31 December 2015	*Percentage*	*31 December 2014*	*Percentage*
Cash balances	1 470	1	3 539	1
Cash equivalents	40 271	10	15 686	4
Total cash and cash equivalents (net)	**41 741**	**11**	**19 226**	**5**
Investments				
Current investments	189 067	50	168 829	46
Non-current investments	150 543	39	180 182	49
Total current and non-current investments	**339 610**	**89**	**349 011**	**95**
Total investments cash and cash equivalents	**381 351**	**100**	**368 237**	**100**

Market risk

Market risk is the risk that UN-Women is exposed to potential financial losses owing to unfavourable movements in market prices of financial instruments, including movements in interest rates, exchange rates and prices of securities.

Interest rate risk

Interest rate risk arises from the effects of market interest rates fluctuations on:

(a) Fair value of financial assets and liabilities;

(b) Future cash flows.

The investment portfolio of UN-Women is classified as held to maturity which is not marked-to-market. Changes in interest rates do not have an impact on held-to-maturity book carrying values, and therefore changes in interest rates will have no impact on net assets and surplus or deficit reported in the financial statements.

UN-Women invests in United States dollar-denominated floating rate debt, which exposes it to fluctuations of future cash flows. This exposes the organization to a decrease in future cash flows of interest income in a declining interest rate

environment and an increase in future cash flows of interest income in an increasing interest rate environment. As at 31 December 2015, UN-Women had no outstanding floating rate fixed-income securities.

Foreign exchange risk

UN-Women is exposed to currency risk arising from financial assets that are denominated in foreign currency and financial liabilities that have to be settled in foreign currency.

UN-Women receives donor contributions primarily in United States dollars, but also in a number of major currencies, including pounds sterling, the euro, the Swedish krona and the Norwegian krone. On an ongoing basis, UN-Women evaluates its need to hold cash and other assets in foreign currencies against its foreign currency obligations during the quarterly meetings with the UNDP Treasury. UN-Women has commenced a hedging strategy from March 2015.

At 31 December 2015, all investments of UN-Women were denominated in United States dollars. However, cash balances were held in several non-United States dollar currencies, representing 95 per cent of total cash balances.

The UNDP Treasury uses derivative instruments, such as foreign exchange forwards, options and structured options to manage the Entity's foreign exchange exposure. These derivatives are marked-to-market with gains or losses recognized in surplus and deficit in the statement of financial performance. At 31 December 2015, UN-Women had no open derivative positions.

Other price risk

UN-Women is exposed to price risk arising from movement in the prices of financial instruments which might fluctuate owing to factors other than changes in interest rate or currency fluctuations. The conservative nature of the UNDP investment guidelines mitigates potential exposure to other price risk.

Note 26
Budget reconciliation

The statement of comparison of budget and actual amounts (statement V) is prepared in the same format as the original approved institutional budget 2014-15, with the additional inclusion of assessed contributions (regular budget activities). As the financial statements are prepared in accordance with IPSAS and the budget is prepared on the modified cash basis, the reported financial results (actual) are adjusted to provide for a comparison to the budget as presented in the statement of comparison of budget and actual amounts. The main changes between the IPSAS financial results and the results on a budget basis relate to difference in the treatment of cost of assets and treatment of cash advances to partners and staff members.

The integrated budget is prepared and presented on a biennial basis. The year 2015 represents 50 per cent of the integrated budget for the biennium 2014-2015.

(a) Regular budget activities — assessed contributions 2015

The 2015 negative variance of $0.9 million between the final and actual does not factor in the rolled-forward balance from 2014 of $0.8 million. That is because the utilization of the allocation is based on the biennium, so the unutilized 2014 budget was rolled forward into 2015 and offsets 2015 actuals. For the biennium 2014-2015, there is a total variance showing overexpenditure of $0.1 million due to after-service health insurance reserve contributions, which UN-Women is required to make under its end-of-service liabilities funding plan, while the assessed budget only provides for a pay-as-you-go basis.

(b) Development activities — voluntary contributions 2015

(i) Programme

The original budgets were based on the original estimates used in the 2014-2015 integrated budget, which was based on total projected resources of $690 million in voluntary contributions for the biennial period. Total voluntary contributions originally budgeted for 2015 were $380 million.

Total programme variances are $16.9 million, split between regular and other resources as follows:

(a) Programme expenditures from regular resources are $7.2 million lower than the budget. For programmatic activities, budgets are updated throughout the year, taking into account the most recent estimates of expenditure, in line with project deliverables and authorized spending limits composed of available resources and expected funding receipts. The budgets are also aligned to the extent possible with the annual workplans. The differences between the planned and actual expenditures are to be expected, as project scope, deliverables and milestones are subject to change over the course of the year. There is also the possibility to carry unspent funds over into the following year, depending on the overall level of available regular contributions. Actual delivery rates for the core programme averaged 86 per cent;

(b) Programme expenditures from other resources are $9.7 million lower than the budget. The total budget for programme activities funded from donor contributions may reflect the total expected revenue for the year. Furthermore, project deliverables are also subject to change and unspent project resources are carried forward into the following year. The delivery rate averaged 79 per cent. A number of programmes also budget over a multi-year period but show expenses only for the current year, in particular the global trust funds. That reduces spending against total budget and hence increases the variance.

(ii) Institutional budget (development effectiveness, United Nations coordination and management activities)

The institutional budget comprises the following classifications: development effectiveness; United Nations development coordination; and management activities, including change management. The original institutional budget for 2015 was prepared during the formulation of the 2014-2015 integrated budget based on total projected staff costs and full utilization of non-staff costs, while the final 2015 budget reflects updated staff pro forma costs. Any variance is due mostly to lower actual staff costs than pro forma costs and post vacancies. The delivery rate for the

institutional budget was 88 per cent. Any unspent budgets at the end of the biennium does not roll forward into the next biennial budget period (2016-2017) but rather forms part of the accumulated regular resources surplus balance.

Basis adjustments

The budget is prepared on a modified cash basis and the financial statements are prepared on a full accrual basis in compliance with IPSAS requirements. In order to reconcile the budgetary result with the cash flow statement, the non-cash elements are removed as basis differences. The principal adjustments that have an impact on the reconciliation between the budget and the statement of financial performance are as follows:

- Capital expenditures capitalized and depreciated over their useful life under accrual accounting (generally recorded as current year expenses in the budget);
- Under accrual accounting, employee benefit liabilities are reported in the statement of financial position, and movements in liabilities have an impact on the statement of financial performance;
- Unliquidated obligations are included in budget reporting but are not recognized under accrual accounting.

Timing differences

There are no timing differences in the reconciliation.

Presentation differences

Presentation differences are those differences in the format and classification schemes used in the statement of cash flow and in the statement of comparison of budget and actual amounts. As such, the presentation differences in the reconciliation relate to revenue.

Reconciliation: budgetary result with net cash flow

(Thousands of United States dollars)

	Operating	*Investing*	*Total*
Actual amount on comparable basis, as presented in the budget and actual comparative statement	(331 694)	–	(331 694)
Basis differences	29 075	6 146	35 221
Presentation differences	318 988	–	318 988
Actual amount in statement of cash flow	**16 369**	**6 146**	**22 515**

Note 27
Related party transactions

Governing bodies

UN-Women is governed by an Executive Board on the basis of General Assembly resolution 64/289, which stipulates in paragraph 57 (b) that the Assembly, the Economic and Social Council and the Executive Board of the Entity shall

constitute the multi-tiered intergovernmental governance structure for the operational activities and shall provide operational policy guidance to the Entity. The Executive Board comprises 41 members (elected from five regional groups and one contributing group), who do not receive any remuneration from UN-Women.

The Executive Board of UN-Women also engages with the Executive Boards of other United Nations operational entities in an effort to harmonize approaches to operational activities. Those engagements also provide opportunities for sharing experiences and coordinating programme work on gender equality and gender mainstreaming throughout the United Nations system. The work of the Executive Board is guided by its rules of procedure.

Key management personnel

Key management personnel are the Executive Director, two Assistant Secretaries-General and six senior Directors, as they have the authority for planning, directing and controlling the activities of the Entity and executing the mandate of UN-Women.

(Thousands of United States dollars)

Number of individuals	*Compensation and post adjustment*	*Entitlements*	*Pension and health plans*	*Total remuneration 2015*	*Outstanding advances*	*Outstanding loans*
9	1 790	41	740	2 571	35	–

The aggregate remuneration paid to key management personnel includes: net salaries; post adjustment; entitlements, such as allowances, grants and subsidies; and employer pension and health insurance contributions. Advances are those made against entitlements in accordance with staff rules and regulations. As at 31 December 2015, after-service health insurance and repatriation benefits for key management personnel included in employee benefits liabilities amounted to $2.7 million, as determined by actuarial valuation.

Note 28
Commitments and contingencies

(a) Open commitments

As at 31 December 2015, commitments of UN-Women for the acquisition of various goods and services contracted but not yet received amounted to $4.4 million.

(b) Lease commitments

As at 31 December 2015, UN-Women had future obligations for minimal lease payments as presented in the table below.

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Obligations for property leases:		
Within 12 months	7 680	7 314
1-5 years	24 272	23 595
Beyond 5 years	1 347	5 412
Total property lease obligations	**33 299**	**36 321**

The typical contractual leases of UN-Women are between 1 and 10 years, but some of the leases permit early termination within 30, 60 or 90 days. The lease for headquarters at the Daily News Building allows for termination seven years after commencement where UN-Women has no other office within the United States and makes a cancellation payment of $3.2 million. Leases often include provisions that allow for multiple renewals and are at rates considerably lower than the existing market rates. The aggregate difference between the leases at contract rates and their respective market rates is recognized as contribution-in-kind revenue.

(c) Legal or contingent liabilities

As at 31 December 2015, UN-Women had no contingent liabilities.

Note 29
Events after the reporting date

The reporting date of UN-Women is 31 December of each year. The date of certification and transmittal of the financial statement is 30 April of the year after the financial year-end. On the date of signing these financial statements, there had been no material event, favourable or unfavourable, hat had occurred between the balance sheet date and the date on which the financial statements were authorized for issue that would have affected the present statements.